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LAND AND FREEDOM

LAND AND FREEDOM

FREDERICK VERINDER

(Author of "*My Neighbour's Landmark*,"
"*Land, Industry and Taxation*," etc.)



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CHAPTER I

"THE MOTHER OF ALL THINGS"

"The land question means hunger, thirst, nakedness, notice to quit, labour spent in vain, the toil of years seized upon, the breaking up of homes; the misery, sickness, deaths of parent, children, wives; the despair and wildness which springs up in the hearts of the poor, when legal force, like a sharp harrow, goes over the most sensitive and vital rights of mankind. All this is contained in the land question."—CARDINAL MANNING.

"You take my life, when you do take the means whereby I live."—SHAKESPEARE, *Merchant of Venice*, Act IV, sc. 1.

"Scarcity may be at times to the relative interest of the few: but abundance is always to the general interest."—HENRY GEORGE, *Science of Political Economy*, Book II, ch. XIV.

PROBABLY writing somewhere about the beginning of the second century B.C., a learned Hebrew teacher, Ben Sira, embodied in an arresting poem, in one of the Wisdom Books, a fundamental truth about the Land Question:—

Great travail is created for every man,
And a heavy yoke is upon the sons of Adam,
From the day of their coming forth from their mother's womb
Until the day for their burial in the mother of all things.¹

Sir William Petty (1623-87), who founded English Political Economy at a time when the Hebrew Apocryphal books were more generally read than they are now, was possibly remembering and paraphrasing this passage when he wrote that "Land is the Mother and Labour is the Father of all Wealth."

Man is a land animal, and everything that he requires for the satisfaction of his material needs must be won by "great travail," *i.e.*, constant labour, from the land on which he lives—from Mother Earth. Land, in the widest sense of the term, is the dwelling place, the workshop, the storehouse and the final resting-place of the human animal. To him, as an individual and as a member of a community, throughout all generations, there can be no more fundamental economic question—even in what we call this "industrial" age—than that of his relation to the land on

¹ *Ecclesiasticus* xl, 1 (R.V.)

which and from which he lives.

The subject of the present book is the Taxation of Land Values, with the concurrent untaxing of the processes, products and earnings of industry and the unrating of buildings and other improvements on or in the land. Before we enter upon it, it is worth while to consider what is meant by the three significant words—Land ; Values ; Taxation.

In our schooldays we were apt to say that the surface of the earth is composed of "land and water." Stated more accurately, the earth's surface is composed of land, a large proportion of which is covered with water, the Pacific Ocean alone covering more than one-half of the total. This distinction, founded upon common sense, would be endorsed by scientist, lawyer and economist alike. The chalk hills of southern England bear witness to the fact that what is now elevated dry land was, aeons ago, an ocean bottom. The Haseborough Sands, now under water, were within historical times, part of the County of Norfolk, while, a little farther north, two thousand acres of land were added to one parish in the Lincolnshire Marsh by a sea-wall of low sand dunes, in the time of James I. The Dutch are adding a new and fertile province to their country by the reclamation of land from the Zuyder Zee, and, on the opposite side of the North Sea, a similar operation on the Wash may some day increase the area of Norfolk and perhaps of Lincolnshire.

Such land is often, rather absurdly, spoken of as "made land." One can just as truly say of it, as of all other land, that no man made it, except in the sense of "made it available for a different use."

But, in spite of these, and many vastly greater changes of level, the total land area of the globe has remained unchanged throughout the ages. No lawyer would "convey" an estate consisting of (say) "90 acres of land and 10 acres of water." The true description would be in some such sense as "100 acres of land, of which 10 acres are presently covered with water." A long drought might dry up the lake, or the holder of the estate might drain it, or a flood of rain increase its area; but the 100 acres of land have always been there, and always will be, so long as the earth exists.

The great drought of 1933-34 brought home to Parliament and to thousands of our villages, whose streams and springs

and wells had run dry, the enormous importance, to the health, comfort and prosperity of the community, of access to the waters on and under the soil. Water had to be carted at great expense in order that the countryfolk and their stock might even have water to drink.

Again, the loose habit of talk which treats the word " land " as referring only to the broad fields which one sees when one " goes into the country "—the usual meaning of the " slogan " " Back to the Land " in the minds of those who use it—can find no echo in these pages. When agricultural land is meant, the word land will be so qualified. Even such an accomplished speaker as the late Arthur (afterwards Lord) Balfour, later to be Prime Minister, found himself able to say at a famous Conference in the Prince's Hall, Piccadilly, that " land now-a-days has no value." He was standing on one of the most valuable plots of land in the West End of London, but was thinking only in terms of agricultural land; and, even in respect of that, his statement was not true.

Some of the land, land often of very high value, none of us have ever seen, because it has long been covered with buildings; but it nevertheless has a great economic importance. " Building land " must be in our minds when we talk about the Land Question.

So also with the lands which sometimes have formerly been agricultural but are now devoted to mining or quarrying uses. Mineral lands, the source of all building material, of the coal which gives us heat, light and power, and of the iron ore and other useful minerals which feed our iron, steel, building, engineering and hardware, pottery and chemical industries, must be covered by our definition of LAND.

From the land, then, man, the land animal, must draw by his labour all that he needs for his bodily sustenance and comfort and all the material aids to his higher mental and spiritual needs.

The water-covered areas afford him what appear to be almost inexhaustible supplies of food from their ocean fishing-grounds, and their lakes and rivers. Unlike the ancients we no longer regard the sea as " the estranging ocean."¹ It is now a great highway of international

¹ *Oceanus dissociabilis*.—HORACE, Odes I, 3.

commerce and holiday journeys, and its shores, with their healthful breezes, are the holiday resorts of millions in search of rest and change for mind and body. Even now, when aeroplanes and airships are taking us to distant places at a speed that neither ships nor trains can attain, the commerce of the air is only possible because the planes can be constructed from land-drawn materials and can find accommodation on land, dry or water-covered, for the beginning and end of their journeys.¹

From the "Mother of all Things" man satisfies the elementary and essential needs of human existence—food, clothing, shelter and warmth; everything that sustains his life and ministers to his comfort and luxury. Prepared foods may reach him in a carton or tin, but they owe their origin to a cornfield or orchard, a fishing-ground or a cattle ranch or sheep run, possibly thousands of miles away. Flax or cotton, grown in the fields of Ulster or Carolina, wool from the backs of sheep bred on Australian sheep-runs, silk from worms fed on Italian mulberry leaves, leather from the hides of Argentine cattle, and so on, provide us with clothing: they are all products of labour upon foreign lands, and come to us in exchange for our own land-products. From the land we draw the materials—brick, stone, cement, timber, metals, glass, tiles, slate—wherewith to construct our houses.

Man's tenancy of the earth makes available for his use the air, the sunshine and the rain, the reproductive processes which multiply the seed and bring forth the harvest. It enables him to draw upon the earth's rich stores of mineral oils and natural gas and the apparently limitless stores of electricity, and to harness the powers of the water-

¹ "At the harvest festival at St. Peter's, Battersea, on Sunday there were placed in the chancel not only the conventional gifts of fruit and vegetables, but also emblems of the fruits of industry—models of trains, ships, aeroplanes, wireless sets, telephones and motor-engine parts. The vicar, in his sermon, said it was his belief that the fruits of industry were just as much the fruits of the earth as the fruits of the field, since all came from the ground, and that, therefore, the former should have their place in harvest festival services equally with the latter. . . . In this country we were largely dependent for our daily bread—the fruits of the field—upon ships, railways, motor-vehicles—the fruits of industry."—*Times*, October 16th, 1933.

fall¹ or the ebb and flow of the tides for the use of industry: in short, it brings within his reach all Natural Resources. If, with all these advantages, we are still afflicted with the social disease of undeserved poverty, this must be due, not to the niggardliness of Nature, but to the maladjustments of man.

Mother Earth is humanity's Universal Provider, for we have no other source from which to satisfy our physical needs. When her stores are closed against us, we are poor indeed.

Many millions of men, women and children in our “civilised” countries are deteriorating in physique and morale because they do not get sufficient food and clothing and are often festering in houses unfit for human habitation. Yet their rulers have been talking of “overproduction” as the cause, or a principal cause, of the “depression.” Many of us must go short, forsooth, because Mother Earth has too abundantly yielded her increase at the call of labour! So the furnaces of railway engines have been stoked with “surplus” wheat, while the bread-lines were bearing witness to hunger in American cities. Shivering men on the Thames Embankment are grateful to the benevolent folk who bring them a cup of hot coffee, while Brazil is burning its “surplus” coffee beans. Millions of fish have been returned to the sea or used as manure, and cargoes of oranges thrown into the Mersey. Everywhere, even in erstwhile “Free Trade” Britain, governments are checking the importation of good things by tariff duties and quotas, or stopping them by embargoes, under the delusion that poverty can be cured by limiting the supply and so raising the price of everything that the poor need. Are we to hold thanksgiving services only when the harvest fails, and to pray the All-Father not to send us too much daily bread; and to give thanks for the bolt-weevil and the locust, the Colorado beetle and the phylloxera? Or should we not rather unite to sweep away all laws and customs that enable some men to own the Earth and to deny the rest of us

¹ Some countries make much greater use of water-power (“white coal”) than we do. Even in Palestine, under the Rutenburg concession, the waters of the Jordan are producing electric current for new industries, as far away as the Mediterranean coast.

access to the bountiful storehouse from which all good and wholesome things may be had?

Even the *London Times*, in its *Annual Financial and Commercial Review* of 1933 (February 6th, 1934) expressed astonishment at the "amazing implications" of the *Farm Relief Act* with which President Roosevelt tried to cure trade depression. In an effort to raise the prices of agricultural produce,

"farmers were paid \$110,000,000 to plough under 10,000,000 acres of cotton, and to agree to make a further acreage reduction in 1934; several million brood sows and little pigs were bought by the Government, and given away in poor relief; and nine to ten million acres of wheatlands were taken out of production. Up to the end of 1933, payments to farmers of cotton, wheat, tobacco and other commodities called 'basic' in the Act, in return for curtailment of production, had run to \$286,000,000, and large additional payments are to be made in 1934. These funds were provided, in accordance with the Act, by processing taxes which, though collected from the first processors of the several commodities, were, of course, actually paid by the ultimate consumers. The second part of the *Farm Relief Act* made possible the increase of farm loan bonds up to an aggregate of \$2,000,000,000 for making loans to farmers or for purchasing mortgages or for exchanging for mortgages."

Comment upon these "amazing" proceedings hardly seems necessary here, and would come with an ill grace from a British citizen living under a "National" Government inspired by much the same delusions, though not showing the same reckless courage, as the American President. In our own country, Parliament has been discussing whether 2s. is a sum sufficient to keep the child of an unemployed worker for a week, while the Cabinet was making its food and milk dearer by schemes which, like the President's, ultimately enure to the benefit of the landlords and mortgage-holders.

"What," asks Captain Arthur McDougal,¹ "is the main principle running through the Government's agricultural policy? Stripped of all camouflage, it is simply that, faced with starvation in the midst of plenty, it proposes to remedy matters by abolishing plenty."

Nature has made its biting comment on the madness of such policies. The great drought of 1933-34, unprecedented

¹ *Daily Herald*, January 25th, 1934.

within living memory, extended over almost the whole of the wheat-growing belt of the Northern hemisphere. It not only limited the production of wheat by parching the crops; by depriving livestock of water, it reduced the production of meat and milk and dairy products. In the United States, it dried the arable farmers' tilth to the semblance of desert sands, and spread the soil of the farms, in the form of great dust-storms, over distant cities. It did more effectively, and over a larger area, what Mr. Elliot was trying to do in Britain by Acts of Parliament and Administrative Orders. Yet no one, even of the politicians to whom this unexpected help was brought, has suggested the desirability of making it the subject of a national thanksgiving service !

Never was it more evident than now that there is something radically wrong in the relations between mankind and Mother Earth and her gifts. What is it?

“ Here,” wrote Francis W. Newman, “ is the fundamental error; the crude and monstrous assumption that the land is, or can be, the private property of anyone. It is a usurpation exactly similar to that of slavery.” Chattel slavery as a social institution is at least as old as, and probably older than, private property in land. Ancient civilizations were founded upon it; it persisted, even in English-speaking countries, well into the nineteenth century, and still persists elsewhere. The case for its abolition was and is that the ownership of one man by another is an outrage on the moral sense, an indefensible robbery of the slave's right to personal liberty and to the products of his own labour. It is a *moral* issue, as well as a problem in social economics.

At the cost of a Civil War, the slaves in the Southern States were set “ free.” The negro was no longer the legal “ property ” of his master, who, incidentally, had been bound to maintain him in a certain measure of comfort. But he was not economically free. The cotton-fields, in which he had been working as a slave, afforded his only chance of finding employment as a “ free ” man working for wages. They belonged to his old “ owner,” who, now that he was no longer a piece of marketable property, had not the same incentive as before to take care of him. He

was set free from one sort of slavery to do the best he could under another form of serfdom which is based on landlordism. Once again a problem in ethics has to be faced and solved.

We are all born into a world where life can only be sustained by resort to the food and other products which the land yields in great abundance. It is only to labour—one's own or someone else's—that Mother Earth gives "the means by which we live." If our birth gives us equal rights to life—and who can deny that it does?—the inevitable corollary is that it gives us equal rights in the common heritage, the land from which we come, on and from which we live, and to which our bodies will return. The denial of that equal right robs millions of the workers of part of the produce of their labour, deprives millions of the opportunity to work at all, and condemns multitudes of the disinherited to undeserved poverty, avoidable sickness and premature death. Every civilized Government regards it as a duty to suppress robbery and murder. Robbery and murder do not cease to be such because they are the outcome of a long established and legalized system.

Long ago, Herbert Spencer maintained, with convincing arguments and on purely ethical grounds, that "equity does not permit private property in land"¹; that no title to such property is valid in justice; or can be made valid by sale, bequest, long prescription, cultivation or improvement. The right of private ownership in land exists only by general consent; that being withdrawn, it ceases. "To deprive others of their right to the use of land, is to commit a crime only inferior in wickedness to the crime of taking away their lives or personal liberties."²

Spencer formulated his remedy in clear terms. It is not necessary, he said, in order to implement the doctrine of equal rights in land, to cause a "very serious revolution in existing arrangements. The change involved would simply be a change of landlords. . . . The country would be held by the great corporate body—Society. . . . Instead of paying his rent to the agent of Sir John or his

¹ *Social Statics* (1851), ch. IX; cf. HENRY GEORGE, *Condition of Labour*, ch. II.

² Tolstoy called landlordism "the Great Iniquity" (in-equity, injustice).

Grace, he would pay it to an agent or deputy-agent of the community."¹ Equal rights in land can be established, not by an equal division of the land among the people, but by socializing the rent of land—making it available, through a public rent-fund, for the common needs of all the people.

The " Law of Rent," popularized early in last century by Ricardo, though not discovered by him, is accepted by all economists of repute and lies at the root of all political economy. It may be stated in quite simple terms:—

The rent [annual value] of land is determined by the excess of its product over that which the same application can secure from the least productive land in use.

Land varies extraordinarily in its natural advantages of position, its fertility, its mineral contents, and so on. Rent arises from these differences, which may be increased, with no visible limit, by growth of population, the advancement of science, by public action and public expenditure.

Consider a simple illustration of the working of the Law of Rent. Tom lands on an uninhabited island. He establishes himself on the most fertile spot, where, by his labour, he can produce (say) 50 units of wealth—corn or other means of subsistence. Dick, Harry, Bill and Joe arrive successively and take up portions of the remaining less fertile land, yielding to labour equal to that of Tom only 45, 40, 35 and 30 units respectively. When Sam joins them, the best available land will only yield him, though he works as hard as the others, 25 units, upon which he is barely able to live.

Then comes Sir John or His Grace, produces his title deeds and asserts his claim to " own " the island. The squatters must recognize his ownership by paying him rent. Sam cannot pay him any rent, for he cannot live from his land unless he is rent-free; he is on the " margin of cultivation." But his land affords the natural *datum* line from which the rent of the others can be calculated. Whatever they produce over Sam's 25 units becomes

¹ *Social Statics*, ch. IX, sec. 8. For a very thorough examination of Spencer's views, as expressed in this book, and of his subsequent recantation in *Justice* (1891) and elsewhere, see HENRY GEORGE, *A Perplexed Philosopher* (1891).

"rent," and the former inequalities among these men, due to the superior advantages enjoyed by some of them, are "ironed out."

Henry George visits the island. He sees that the unequal "wages" of men who are equally industrious, and who have an equal right to make a living from the land, are unjust: but he sees also that the landlord's "rake-off" has only created a new and greater injustice. For the landlord is now getting 75 units in return for which he produces nothing whatever. He is simply levying legalized blackmail upon the cultivators on the pretence that he is giving them permission to do something which they have a perfect moral right to do, viz., to win a livelihood from Mother Earth.

The visitor points out that the just remedy would be, in such a simple community, to skim off the "overplus" of produce on the better land, just as the landlord does, and to divide the rent-fund equally among the cultivators. Equal labour would then ensure to each of them an equally good livelihood. The same end could be attained in a larger and more highly organized community, by spending the rent-fund in providing public services and amenities, by which the standard of life for all the citizens would be raised.

Spencer, in *Social Statics*, was dealing with principles only, and not with the political method for embodying principle in practice. Henry George, in *Progress and Poverty* (1879) worked out in detail the method of applying the Law of Rent as a means of social regeneration. His method is known all over the world under the name of Taxation of Land Values.¹ To tax land values and to abolish all other taxes and rates is the political method for bringing about the Socialization of Rent and for securing what Spencer called the Right to the Use of the Earth. It will use, in the interests of all, the equalizing power of the Law of Rent, which, under land monopoly, works only in the interest of a privileged class.

¹ By Land Value is meant exactly what the economists meant by Rent, i.e., Economic Rent, Rent of Land. The "rent" which the householder pays to the "landlord" of the house includes, of course, interest on the cost of the building.

CHAPTER II

THE VALUE OF LAND

" Every permanent improvement of the soil, every railway and road, every bettering of the general condition of society, every facility given for production, every stimulus supplied to consumption, raises rent. The landowner sleeps but thrives. He alone, among all the recipients in the distribution of products, owes everything to the labour of others, contributes nothing of his own. He inherits part of the fruits of present industry, and has appropriated the lion's share of accumulated intelligence."
—Prof. THOROLD ROGERS (1870).

*" Sic vos non vobis mellificatis apes."*¹—VERGIL.

THE value of land varies from place to place, and from time to time.

A plot of bare land, large enough to carry a cottage with its garden, might still be had for the taking in some parts of the world; could be bought for a quite small sum in a remote village; would fetch a much higher price in a market town; and would be "worth a King's ransom" if it were situated in the heart of London. On a vacant site in Aldwych, Strand, London, model cottages were built, for exhibition purposes; building cost £225; estimated rent in the Home Counties, 10s. a week, and 8s. 6d. in country districts. A person who thought these cottages were for occupation, asked particulars as to rent. Mr Maurice Webb, F.R.I.B.A., told him that the rent, *in view of the value of the site*, would probably be about £1,000 and the rates!

In spite of extensive rebuilding in London during recent years, there are still many instances of houses, built centuries ago and occupied till the present day. Although the houses are very old and in many ways out of date, their history shows that, as successive leases "fell in," there has been a great and progressive increase in the rental which has had to be paid by their occupants. As buildings depreciate with age and use, clearly this increase

¹ So do ye, O bees, make honey, but not for yourselves.

cannot correspond to any increase in the value of the buildings, as such; they may even be fit only for demolition. It merely registers the increase, in process of the years, in the value of the land upon which the structures stand.

A piece of land in Shepherdess Walk, on the border of the City of London, belonging to the Governors of the Bishopsgate Foundation, had an area of 147,500 sq. ft. Here is its history :—

	£	s.	d.
1664—Purchased for £200 (=annual rent of say)	11	0	0
1754—Rent on 60 years' lease (per annum)	20	10	0
1816—Rent on 21 years' lease (per annum)	500	0	0
1837—Rent on 60 years' building lease (per annum)	490	0	0
1898—Rent on 91 years' lease (per annum)	3,500	0	0

The Receiver of the Metropolitan Police, requiring about one-fourth of this land (39,076 ft.) for a police station, was condemned by a jury at Red Lion Square to pay £33,166 for it.¹

The Mansion House, official residence of the Lord Mayor of London, stands on a plot of land held on perpetual lease, since the latter part of the 18th century, at a ground rent of £10 a year. This site is now valued at nearly £2,000,000. "The City of London spent £3,787 of Elizabeth's money in acquiring and clearing the site of the Royal Exchange."² What is that site worth now? Plots of land in its immediate neighbourhood have been sold in recent years at rates varying between £5,000,000 and £6,500,000 per acre.³

¹ *Land Agents' Record*, March 18th, 1899, p. 379.

² W. G. BELL, *The Great Fire of London in 1666*.

³ The *Daily Mail* (May 10th, 1934) gives particulars of the Berners Estate in West London. Twenty-five acres, bought as a chance speculation 260 years ago for £1,000, are now valued for probate at about a million pounds. The Foundling Hospital Estate, Bloomsbury, was bought in 1740 for £7,000 and sold in 1926 for £1,500,000.—(*Times*, July 3rd, 1934.)

The Bureau of Labour Statistics for the State of Illinois published in 1894¹ a detailed economic history of a plot of land, on the south-west corner of State Street and Madison Street, which was then considered the most valuable quarter-acre plot in the business centre of the City of Chicago. It was once part of the raw prairie land on the shores of Lake Michigan. In 1830, when Chicago was a frontier post on the outskirts of civilization, with a population of 50 souls, this quarter-acre was sold for 20 dollars. In 1894, the population had increased 30,000 fold (to 1,500,000) and the value of the land, apart from the buildings upon it, had been multiplied by more than 60,000 (\$1,250,000). Averaging the earnings of an unskilled labourer at a dollar and a half a day, for 300 days a year during the 64 years, such a labourer could have earned the original purchase money of that quarter-acre in 13½ days. In 1894, its price would have swallowed up the total wages of 2,777 labourers for a year!

About the same time, a Chicago "realtor" (land agent), advertising vacant plots for sale in Chicago, told at least a part of the truth about these amazing land values. He wrote :—

" Chicago land is worth more to-day than it was yesterday, last week, or any day in its entire history. ' Why is this ? ' asks one ; ' surely Chicago is flat and muddy enough ! ' That is true : but, dislike the City as we may, it is lying in the pathway of nations at the cross-roads of commerce. . . . It is the great distributing centre for the American continent. It is here that fruit products, building products, and manufactured products come together, and are then scattered to the four winds. It takes men by the millions to handle these products, and men are synonymous with population. *It is population that makes [land] values ; as population increases, values must increase.*"

It will be noted that it is the people, and not the landlords, who, in the opinion of this expert in the sale of land, give its value to the land of Chicago. The political economists have nothing to teach the land agents on this subject, as a study of their advertisements, or of the daily " Estate Market " column in the *Times* will readily show. But it is not only in the language of advertisements that these professional experts throw light on the genesis of land

¹ *Eighth Biennial Report* (1894). Second edition (1896), p. 277.

values. For instance, Mr John Hepper, F.S.I., F.A.I.,¹ dealt with the City of Leeds, with special reference "to such matters as combine to make or affect stability and value." He quotes many instances of increasing land values "all over the commercial centre of the City." He tells us of the increasing population of Leeds; a collection of people, industrious, skilled, receptive, intelligent, careful and saving, adaptable to altered circumstances. The City, halfway between London and Edinburgh and between the eastern and western coasts, is "seated at the convergence of systems of road, rail and waterways of unsurpassed centrality"; it "is one of the most convenient distributing centres in the kingdom." It is on the main lines of several railways and so, like Chicago, is "at the crossroads of commerce". Its manufacturing areas are level, reducing the cost of cartage to a minimum. Lovely country resorts lie within easy reach. On the edge of the Yorkshire coal-field, it has coal, ironstone, fireclay, brickclay, building stone, within its limits or near its borders. A good municipal government has provided municipal buildings, markets, library, art gallery, parks, allotments, baths, excellent roads, tramways, gas, electricity, water, sewers, dust destructors, a large sanitary depot, municipal hospitals for contagious diseases and burial grounds. And among the results of all these things, Mr. Hepper records that land which was offered in 1862 at about £6 10s. per sq. yd. was sold in 1893 for £30 a sq. yd.; land near City Square sold in 1897 at £75 a sq. yd.; an offer (refused) of £135 a yard for land bought 28 years earlier at £27; and so on.²

¹ See *Leeds : from a Surveyor's Point of View (Land Agents' Record, March 18th, 1899)*. Paper read before the Leeds and Yorkshire Architectural Society; and *Movements of Values in Freehold Urban Districts, with Special Reference to Leeds*. Paper read before the Yorkshire Branch of the Surveyors' Institute. (Leeds : Alfred Cooke, 1895.)

² This kind of thing has been going on continuously since Mr. Hepper wrote. For instance, vacant land sold in Briggate (1903) at £121 per yd. = £585,640 per acre (*Land & Liberty, May, 1925, p. 100*); land bought for sewerage purposes (1910) at 125 years' purchase of the rent (£1,000) (*Ibid.*, September, 1910, p. 85); agricultural land worth 3d. to 6d. a yard at once appreciated to ten times that value when the Corporation roads developed the district (*Yorkshire Evening Post, December 17th, 1923*); 413 sq. yds. in

This well-informed expert in land valuation thus told his colleagues, a generation ago, of the high and increasing land value of the town he knew so well. He explained that these values are due to the natural advantages of the position of Leeds, to the minerals within its borders or within easy reach, to the way in which the people of Leeds, through the agency of its elected Corporation and the expenditure of the rates, have utilised and improved the natural advantages of its site. The land values, thus created, maintained and increased, go to the landlords, to whom one might reasonably expect some reference in this story of their origin and growth. All that Mr Hepper has to say about them is: "the expansion of the City is not trammelled and hindered by great landlords, who will only sell or lease on their own terms." Land values, other things being equal, increase whether a City has one or many landlords.

Take, again, the case of London with its enormously inflated land values.

Like Chicago, it owes its commercial importance to its position "at the cross-roads of commerce" on the River Thames. The Roman roads, which radiated from it, made it, in early times, accessible from the rest of the country. Its tidal river gave it access to the Continent. "If the Thames were only a common river, or too tideless, or too difficult of access . . . or if, with all the river's splendour of facility, 'the City' had seated itself on any other hillock by its brink, Hammersmith would have now been as Canvey Island, and the wide building lands for ever the meadows and plough-lands of a heathside village." So wrote Mr. Thomas Blashill, a former Architect to the London County Council.

When Charles I threatened to ruin London by removing the Royal Court and Parliament to Oxford, the Lord Mayor is said to have replied: "Your Majesty cannot take the Thames with you." The natural gift of the Thames has been improved at enormous cost by private enterprise, and much more by the expenditure of taxes and rates, by embanking and dredging, by the making of numerous

Guildford Street, sold about 1815 for £1,343, in 1860 for £2,085, in 1925 for £10,600=over £124,000 per acre (*Land & Liberty*, June, 1925, p. 117).

wharves and many magnificent docks, till it can be said of Woolwich, which sits on both its banks, that "more wealth passes through Woolwich than through any other town in the world."

London, owing to its situation, would, in any case, have become, in process of time, a great seaport, like Liverpool or Bristol or Hull. The removal of the Court from Winchester to the banks of the Thames made it the Capital of the Kingdom and, later, of the Empire. Even when Stow wrote his *Survey of London*,¹ "by way of apology (or defence) against the opinion of some men which think that the greatness of that City standeth not with the profit and security of this Realm," Elizabethan London was still mainly enclosed within its walls and gates. The commercial population had indeed overflowed into Bishopsgate Ward Without, Farringdon Without, and Bridge Ward Without (Southwark), and there was a suburb at Westminster, where the great Abbey, the Royal Palace and the Law Courts (in Westminster Hall) had attracted a large population on and around Thorney Island. Westminster was connected with the City by the Strand, lined with the palaces of nobles and ecclesiastics, after whom many of the neighbouring streets are still named. The great Metropolitan Boroughs, which now, with the Cities of London and Westminster, make up the oddly-named "County" of London, were then mere villages or hamlets scattered over the surrounding country districts of Middlesex, Surrey and Kent. We find little mention of them in Stow's *Survey*.

The growing commerce of the City so increased the demand for office and warehouse room in the narrow streets of the ancient walled City that the merchants ceased to live over their shops, and rode out to their mansions in the open country, while their apprentices and employees no longer "lived in"—sleeping in the attics or under the counters—and had to find lodging elsewhere. Along the River eastward, new suburbs grew up (the "Tower Hamlets") as the trade of the Docks increased. The working population has been continually swelled, especially since 1851, by migrants from the agricultural districts, seeking work, and

¹ First Edition 1598. Reprinted in Dent's "Everyman" series.

settling mainly in the "East End." The population of Greater London is now larger than some of the Sovereign States of Europe can boast, larger even than that of the continent of Australia¹ with its seven Parliaments.

This amazing growth of population has had two very obvious and closely related effects. It has been the cause of an enormous increase of land values in and around the City, and it has given rise to municipal problems of the greatest magnitude, urgency and costliness.

The City had its ancient Corporation, once the champion of popular liberties, even against Kings; but the suburban parishes, which surrounded it on both sides of the river, and housed most of its workers, were still governed by their Parish Vestries. In 1855, a central governing body, indirectly elected by the Vestries, was given to the City and its suburbs in the form of the Metropolitan Board of Works "for the management of public works in which the Metropolis has a common interest." The Board carried out some great improvements—*e.g.*, the construction of a system of main drainage for the benefit of the public health and the purification of the Thames, the making of the Thames Embankment, etc., etc., but it became so flagrantly corrupt that it was superseded in 1888 by a new, directly elected central authority, called the London County Council. The City, though included in the "County," still kept its Corporation. The suburban parishes outside the City became 28 "Metropolitan Boroughs" under an Act of 1899: their Councils are rather overshadowed by the L.C.C., but they all have important public services to administer, and each of them serves a population comparable in numbers, but not always in local patriotism, with the population of the great provincial County Boroughs. The work of the Metropolitan Asylums Board (1867), of the London School Board (1870) and of the local Boards of Guardians of the Poor has, by later legislation, been handed over to the London County Council.

¹ County of London (1931), 4,397,003; Greater London (1931), 8,203,942; Australian Commonwealth (estimated 1932), 6,549,076; Denmark (1930), 3,550,656; Norway (1930), 2,814,194; Portugal (1930), 6,234,529; Greece (1928), 6,204,684; Scotland (1931), 4,842,554.

London's governing Councils, central and local, have carried out numberless works of municipal improvement to make and to keep this great City a healthier place to live in, a better place to work in, and an easier place to get about in. The ratepayers provide the money to pay for these improvements. The landlords, or the agents who look after their interests, estimate pretty accurately what these improvements are worth to those who wish to live where they can enjoy them, and they fix their rents or prices accordingly.¹

Let us take only one example of what the municipality has done to increase the value of London land.

The natural position of the City on the Thames with its world-wide commerce; the selection of London as the capital, which has made it the seat of the National Government and of the Supreme Courts of Law, and the starting point of a great railway system; the maintenance by the State of the Royal Parks, the National Gallery, the British and other great Museums, and of great opportunities for employment like Woolwich Arsenal, and so on: these have attracted a huge population, only rivalled by that of Greater New York. Yet the site of London is not naturally a healthy one. It was originally a swampy river valley, and has only been made healthy by a huge expenditure of the ratepayers' money on the creation and maintenance of a wonderful system of main drainage and local sewers, which, coupled with an abundant supply of pure water, for domestic and industrial purposes and for street cleaning,² help to make London one of the very healthiest of great cities. Yet the time is not very distant when the City drained its sewage into the Fleet River and so into the Thames near London Bridge, and drew some of its water for domestic use from the same sources or from "conduits" in Holborn and Cheapside. The cesspool and the surface well, with its liability to pollution, may be con-

¹ The question of London Land Values is discussed in some detail in *The Crying Injustice of our Rating System, and the Remedy* by the present author. See also his *Land, Industry and Taxation* (1914). o.p.

² The Metropolitan Water Board supplies 7,000,000 people through 7,659 miles of water mains.

sidered tolerable in a small village; they are unthinkable in a great modern city.

Suppose that the London sewerage system or water supply were to be so neglected as to be entirely put out of action. In a few weeks,—sooner in the summer, a little later in winter—pestilence would stalk the streets. Those who could afford to do so would flee from London. Those who could not do so would be decimated by the plague. No one would visit the city for pleasure, nor, if he could help it, on business. What would then be the value of the London sites from which the great London landlords collect their huge ground rents? Yet it is more than doubtful whether any of those who claim to own so much of the “bottom side” of London ever give a thought to the debt they owe to the humble workers, who spend their working hours underground with the sewer rats, regulating the flow of London’s drainage, and are sometimes liable to be swept away when a torrential downpour of rain suddenly fills the sewers with a raging torrent. Still less, probably, does it ever occur to them that they ought to pay the community for the benefit conferred upon them, in maintaining and increasing the land values which the community by its presence, activities and municipal expenditure confer upon the land from which they draw an income which they can in no sense be said to earn.

“It is population that makes land values.” As population increases in numbers and industry, so do the governmental expenses, local and national, of the population increase. Publicly created values, by their nature and origin, are clearly indicated as the national fund from which public needs should be met. Land values are the natural “National Dividend,” earned by the people, but, at present, appropriated by the landlords. Major Douglas need look no further for the “National Dividend” which he seeks to obtain by the manipulation of credit.¹

¹ On the Douglas Social Credit Scheme, see W. R. LESTER, M.A., *Poverty and Plenty*. (Hogarth Press, 1935.)

CHAPTER III

MONOPOLIES

"It may be said generally that businesses which are in their nature monopolies are properly part of the functions of the State, and should be assumed by the State. . . . But all other monopolies are trivial in extent as compared with the monopoly of land. And the value of land expressing a monopoly, pure and simple, is in every respect fitted for taxation."—HENRY GEORGE, *Progress and Poverty*, Book VIII, ch. III.

"If the size of fortunes is taken into account, it will be found that perhaps 95 per cent of the total values represented by these millionaire fortunes is due to those investments classed as land values and natural monopolies, and to competitive industries aided by such monopolies."—Prof. JOHN R. COMMONS, *The Distribution of Wealth*, p. 253.

THERE is more than one reason why so many people look upon Capital, rather than Land, as the chief factor in production and the chief despoiler of labour. They are familiar with the colossal figures that are constantly paraded in the financial columns of the Press. They overlook the fact that much of this "wealth" is not real wealth. Stock can be and often is "watered." Companies hold shares in other companies, and the same amounts included in more than one balance sheet give an exaggerated idea of the real total. Sensational revelations in the Courts show from time to time that vast amounts of "capital" may exist only on paper, and, if we are to regard the Stock Exchange quotations as an index of real wealth, millions of "capital" can be destroyed in an hour by a mere rumour and magically come to life again as soon as the rumour turns out to be false. The factory or the mill is there to be seen, and its capitalistic owner or owners are known. It is with them that disputes about wages and conditions of work arise. Meanwhile, the site of the factory is covered by the building, and the owner of the site is in the background. Moreover, owing to the fact that a complete valuation of our land has not yet been made, people, who think of economic questions

mainly in terms of money, are apt to regard the land question as of comparatively small importance, not realizing the relations between land and capital, between rent and wages; and they look to a "capital levy," increased income tax, super-taxes, nationalization of banks, or to fantastic schemes for the manipulation or manufacture of "credit," as more potent remedies for economic ills than the break-up of land monopoly by means of the taxation of land values.

If by "land" we mean only "agricultural land," and if we class as "capitalists" all persons and companies that possess large sums of money or that use large sums in some form of business, it is easy to convince ourselves that the land question is of relatively small importance. A certain arithmetician, who used to pose as an economist, could produce calculations of this sort with great facility. This country, he said, "fortunately for itself, has long ceased to depend upon land for its livelihood." Coal is "the greatest national asset." But coal comes from land, and, behind the mine-owner, who exploits the miner, is the "owner" of the coal-land, exploiting the capitalist who, before he can use his machinery and other capital, must pay to his overlords surface rent, dead rent, mineral royalties, wayleaves, etc. It is not in the mining districts that land can be bought "at the price of pocket-handkerchiefs."

An American "realtor," from whom we quote elsewhere,¹ long ago told part of the truth about capital and land. Three typical American millionaires—Armour, Field and Pullman—beginning "without a penny" had amassed huge fortunes. "It is now no secret," he said, "that where they have made one dollar" by selling beef or dry goods or railway carriages, "they have made two more by their far-seeing investments in Chicago real estate." The founder of the Astor dynasty similarly "made his fortune," not by selling furs but by using his earnings in land speculation. He held his purchases, and the growing population of New York made his fortune for him.²

It is often said, even by some who hold that land monopoly is unjust and a public danger, that it is by no means

¹ See p. 13.

² On large fortunes, see HENRY GEORGE, *Social Problems*, ch. VI.

the only monopoly: that there are many "capitalistic" monopolies, just as unjust and dangerous, "such as the Water Monopoly, the Standard Oil Company," and so on.

What monopoly does a Water Company possess? The natural gift of rain cannot be completely monopolized, but some of it can¹—if a Water Company can obtain the monopoly of land suitable for a gathering ground, or the exclusive right of collecting water from springs (issuing from land) or river or lake (land covered with water). More land will be required for filtering-beds and for storage reservoirs. Even so, as people can hardly be expected in these days to fetch their water from the reservoirs (as Londoners had to fetch it from the conduits or the Thames before Hugh Myddelton made the New River² and brought water from Hertfordshire springs) the Company has to obtain from Parliament another form of land monopoly, restricted indeed, but of cardinal importance to their enterprise: the exclusive right, within a defined area, of laying their supply pipes in the subsoil of the public streets. Such a right to a limited use of or on or in land is called an "easement." There are still artesian wells in London,³ from which certain premises have for long drawn their water supplies. This is no infringement of the Metropolitan Water Board's monopoly (taken over by purchase from the old companies), but any attempt to lay pipes to supply neighbouring premises would be illegal. It is clear, therefore, that the monopoly of the "capitalistic" Water Company is founded on land monopoly in more than one of its forms. It is worth noting that the New River Company

¹ Henry George, lecturing at Dundee, said that in times of drought the people of Dundee go to church and pray the good Lord in heaven to send them rain. But when He sends it, it falls on land belonging to the Lord of Airlie, who charges the people £25,000 for the privilege of drinking it.

² The 72 shares into which the New River capital was divided did not exceed £5 each in value for the first 30 years. When the Company, which also had large holdings in land and houses, lost its monopoly, the price of a single undivided share ran well into six figures.

³ Messrs Van den Berghs supplied water from their three artesian wells to relieve the water shortage in Fulham during the drought in the summer of 1934.

used to call its charges "water rents" and described its customers as "tenants." The water charges in London are now usually assessed, like the rates, on the rateable value of the premises supplied.

Oil, like coal, is a land product, a gift of Nature. The Standard Oil Company cannot obtain any monopoly in it except by getting control of the land from which it gushes. The Company has fortified its monopoly in many ways, within and outside the law, too numerous to mention, specially by getting control of railways and so securing preferential rates, and by acquiring easements over land for the pipe-lines which convey the oil from the wells to the markets.

The foundation of the "Railway monopoly" is a statutory right to take long strips of land of varying width and to adapt them to the purpose of transporting persons and goods. There is no legal monopoly in the ownership of such railway capital as locomotives and railway carriages. A Tramway Company enjoys a more restricted form of land monopoly, viz., the statutory right of using the surface of the public highways for passenger traffic in vehicles with flanged wheels running in grooved rails.

There is no legal or industrial monopoly in the manufacture of Gas, or in the production of Electric Current. Any householder may, if he chooses, set up apparatus to supply his house with either of these modern conveniences. Once again, the monopoly is not one of production but of supply. The operating company secures a monopoly of the right of distribution within a specified area by obtaining powers from Parliament which enable it, when necessary for its purpose, to open up the streets, and to use their subsoil for its pipes or cables; a right which no one else is allowed to exercise within its area of supply. It is a monopoly of land for this special kind of use.

Some of these monopolies, based on one form or other of land monopoly, and involving the use of large amounts of fixed capital, have grown up in connection with what have become essential public services: the supply of water, light, heat, power, means of transport and so on. In such cases it has long been recognized that competition is not desirable, even if it is possible. Parliament, in its dislike of

monopolies, for long tried to subject the water supply of London to competition between the various companies.¹ Thus, two companies were empowered to supply East London between the Tower and the River Lea. They competed with each other by "cutting" their water rates, and the streets were constantly being torn up, as customers changed from one company to the other. They ended this suicidal struggle by amalgamating as the East London Water Co., whose supply became a by-word for its inefficiency and lack of purity. The East London and the New River Companies were both authorized to supply Hackney and Islington. They put an end to competition by an agreement to take one parish each. Part of West London at one time had no less than four authorized companies. When the Companies were bought out, the fact that Parliament had never conferred upon them a complete monopoly seems to have been ignored, and the compensation they received was probably double the amount to which they were legally entitled. The water supply of Greater London is now managed by an indirectly elected body called the Metropolitan Water Board, and leaves little to be desired so far as the abundance and purity of its water is concerned.

The great Railways have become in modern times as truly national roads as the King's highways. Partly by amalgamations and partly by the absorption of the smaller local companies (possibly with a view to future unification under national ownership and control) many improvements and economies in their working have been made possible. Given the complete nationalization of land values, there would be no reason why the precedent of the abolition of toll-gates should not be followed in the case of the railways. Numberless little "railways," usually called "lifts," have always given a free service to their passengers. The costs of their erection and maintenance and their working expenses are amply repaid by the increased rents all along the line of route, due to the convenience which they freely supply. If the State owned all the railways and collected all the

¹ The story of the London Water Companies is told in CLIFFORDS' *History of Private Bill Legislation*, vol. II.

land values, the costly and troublesome business of issuing, clipping, collecting and inspecting travellers' tickets might conceivably be dispensed with on the railways, as they are on the lifts. It is an interesting speculation.

The fact that the successors-in-title to the Dukes of Bedford own the market rights of Covent Garden is a disgrace and a misfortune to London. It is said that the "Convent Garden" was, a few centuries ago, worth £8 6s. 8d. a year. It has been sold and resold within recent years for sums running into millions. Its value is almost entirely a land value, the monopoly of the right to hold a market on a site at the centre of a population of seven or eight million people. It should be taken over by the London County Council, as soon as the taxation of land values has squeezed the monopoly value out of its price.

There are other monopolies which are indirectly due to land monopoly. They have arisen under a system of taxation the growth of which is, historically, inseparably connected with the growth of landlordism.

For instance, the taxation upon tobacco, like that upon alcoholic drink, is excessively heavy in proportion to the cost of the raw material. The tax is, of course, passed on to the consumer. But the necessity of finding the money for the tax before the tobacco leaf can be taken out of bond and manufactured and the taxed product marketed, naturally restricts the amount of competition in the trade, and in any case enables the manufacturer to charge his profit on the combined cost of the material and of the much greater amount of the tax. The colossal fortunes left by many tobacco magnates are due directly to a system of taxation introduced to relieve the landlords of their dues to the State. When indirect taxation, so unjust in its incidence, is supplanted by taxation on land values, there will be fewer Millionaires in the House of Lords, if that House still subsists.

The specially vicious form of indirect taxation which is called "Protection," with its auxiliary marketing schemes, subsidies, embargoes and quotas are already marching towards the results which they have produced in other countries. No one need be surprised at the emergence of a

sugar combine, a potato ring or a "wheat pit" under such a system.

Many quite legitimate businesses, producing or distributing articles of common use, owe at least a part of their high profits to the possession of land. For instance, the great Unilever combine of over 600 companies with its capital of at least £100,000,000, has extensive holdings of tropical lands yielding vegetable oils for soap-making, etc., etc. The Dunlop Rubber Co. has its rubber plantations. A company promoted by one of the Press Barons has a monopoly of tracts of Newfoundland forests, whose wood-pulp is the raw material for much of the paper called "news-print."¹

Newfoundland is bankrupt, and many of its people are starving, largely through what the Royal Commission calls "the reckless manner in which the resources of the country have been dissipated" by successive Governments, and is now being helped at the cost of British taxpayers.

It used to be the practice of a well-known catering firm, before purchasing a site for one of its tea-shops, to send a representative to count the number of persons who passed the site in a day, and so to form an estimate of the population for which the occupation of that site would enable them to cater. In the City streets, the resident population would be of very small importance, from the catering point of view, as compared with the very large influx of people from outside, coming to the City as sightseers, as workers in or visitors to offices or warehouses, or as shoppers: a large proportion of whom would need the means of getting

¹ Of Newfoundland's total area of 42,000 sq. miles, some 25,000 sq. miles are wild forest lands, of which about 15,000 sq. miles are either owned by or leased to two paper companies (Report of Royal Commission, quoted in *Land & Liberty*, December, 1933). Some of the land is held at an annual rental of \$2 a sq. mile! "In very few cases have the lessees [of other lands] made any attempt to develop their land; in almost every instance it is held purely for speculative purposes." In 1870, 75 per cent of the natural forests of the United States were public property. By 1910 about 80 per cent had become private property, either by free gift to railway and canal promoters, or by sale at a few shillings an acre to speculators. The market value of privately-owned standing timber in 1911 was estimated at 6,000 million dollars. (*Official Report on U.S. Lumber Industry*, 1911.)

food or drink away from home. The owners of a large number of chain stores are also said to adopt the same method of judging the business possibilities of new sites. The density of population, which offers great opportunities for business, expresses itself also in high land values.

Nor is this all. The economic helplessness of the worker, due to his exclusion from access to land, compels him to sell his labour, in an overcrowded labour market, for less than the value which his labour produces. Land monopoly creates conditions under which the employer is enabled, and, in a sense, even compelled, to underpay his workers, and the employer is himself in turn fleeced by the landlord.

Private monopoly is the enemy of labour. Land monopoly is the most dangerous of all monopolies, and the parent or helper of many other forms of it. Its break-up by the taxation of land values will do far more than any other legislation could do to open up opportunities now denied to labour, and thus to raise wages and bring about a just distribution of the wealth created by labour.

Obviously, justice does not approve combinations, which exclude competition for their own benefit, and whose "profits" include an unearned increment in the form of land value, or are swollen by a form of theft which is due to the underpaying of their workers. It is clearly unsafe and unjust to leave monopolies of necessary public services—such as the supply of water, gas, electricity, railways and tramways, etc.—in the hands of private individuals or companies: such services should be run under public control for the public benefit. The publicly-owned monopoly of services of general utility avoids the injustice of private monopoly, and may be made to subserve the public interest with efficiency and economy.

Whether competition be in itself an evil or not depends upon circumstances. The victims of Surajah Dowlah in the "Black Hole" of Calcutta (1756) were confined, 146 of them, in a dungeon 18 or 20 ft. square, with small and obstructed air-holes. They "competed" for air to breathe, trampled each other down, fought for places at the windows. Only 23 of them, stronger or "luckier" than the rest, survived till next morning. Their deadly competition for the right to breathe and live was not due to any natural

lack of air. It was due to an unjust denial of the right of access to air. The denial of the right of access to land is the main cause of the "evils of competition" of which the Christian Socialists of the mid-nineteenth century so bitterly complained. Contrast the "Black Hole" conditions with the conditions of a number of young people running a race in the open air. They, too, are "competing"—but under free conditions. Only one of them can "come in first." But they *all* benefit by the exercise and the open air; they are *all* stimulated to do their best; and, in so doing, they are injuring nobody. That is competition as it might be under the free economic conditions which would obtain if equal rights in land were established.

Father Huntington, O.H.C., of New York, a close friend of Henry George, and one of the most faithful of his supporters, used to tell a story to illustrate our attitude towards monopolies. It was to the following effect:—In an Indian village, a tiger-cub carried off and devoured a baby. The villagers took arms, went into the jungle, found and killed the tiger-cub. But the same thing happened again and again and again. They killed one cub after another, but still lost their babies as time went on. At last, in desperation, they sought the advice of a very old, very wise man. The Mahatma came; learned the nature of their trouble, told them to get their guns, and led them into the jungle. At the mouth of a cave, he pointed to a pair of bright eyes in the gloom within, and told them to plant a bullet halfway between them. There was a great roar, followed by silence. Inside the cave, they found the body of a great tigress. "Oh, foolish ones," said he. "You have been hunting the cubs, when you should have sought out and killed the mother."

Land monopoly is the "Mother Tiger" of many other monopolies.

CHAPTER IV

LANDLORD AND CAPITALIST

"The essence of slavery is that it takes from the labourer all he produces save enough to support an animal existence, and to this minimum the wages of free labour, under existing conditions, unmistakably tend. . . . Labour has become a commodity, and the labourer a machine. There are no masters and slaves, no owners and owned, but only buyers and sellers. . . . In modern society, competition has free play to force from the labourer the very utmost he can give, and with what terrific force it is acting may be seen in the condition of the lowest class in the centres of wealth and industry. . . . It is into this helpless, hopeless poverty, that crushes manhood and destroys womanhood . . . that the working classes are being driven by a force which acts upon them like a resistless and unpitiful machine. . . . Our boasted freedom necessarily involves slavery, so long as we recognize private property in land."—HENRY GEORGE, *Progress and Poverty*, Book VII, ch. II.

"The concentration of capital is the child of land monopoly."
—HENRY GEORGE, at the International Congress on the Land Question, Paris, June, 1889.

LAND is "the field of all labour and the source of all wealth." From the land, man, by his labour, produces, *i.e.*, draws forth, food for himself and the raw materials which, by his labour, he then converts into what Karl Marx called "*Waren*" (wares); what we call "goods" (good things), "commodities" (things convenient to have or use), or, collectively, "Wealth" (that which promotes our well-being). The primary and indispensable factors of all wealth-production are, therefore, Land and Labour. Some of this wealth is in a form which enables labour to produce more wealth, with less exertion and in greater abundance than labour, if not so aided, could produce it. Such a kind of wealth is called "Capital."

In common talk, and often even in economic treatises, there are said to be *three* factors in production—Land, Labour and Capital. In sober truth, though capital may be and is a valuable aid to production, it is not a primary

and indispensable agent in it. It is itself produced, and is a secondary aid to further production. It is a daughter of Labour, and, except as the handmaid of Labour, it can produce nothing.¹

When man first began to emerge from the merely animal condition, he must have been dependent for his food, like the birds and beasts, upon fruits, nuts and roots which grew wild, and upon such animals as he could catch with his hands.

The first man who spent his days in laboriously chipping a flint into a knife or a sharp head for a spear or arrow, undoubtedly became a more wealthy man than his neighbours, not because he had added anything to his stock of consumable food or wearable pelts, but because he had created a means of replenishing his store of food and clothing more easily and more abundantly. He could now kill animals that had hitherto been too timid for him to approach, or too swift or too strong for him, unaided by a weapon, to overtake or overcome. His new piece of wealth was his first capital. It was wealth that was devoted to the production of more wealth.

A story is told of a man who reduced himself, so far as is possible in modern times, to the condition of primitive man. Entirely unclothed, without a tool or any other property, he went alone into an American forest. Some months later, when he returned to civilized life, it was found that he had been able to feed and clothe himself sufficiently, to provide himself with an instrument which served the purposes of a knife (his "capital"), to enjoy the comfort and help of a fire, and with the aid of charcoal to produce, on the bark stripped from a tree, some sort of picture (art!).

The history of civilization is largely the story of an increasing production of wealth and of the increased amount of such wealth as is devoted to the production of still more wealth. The tragedy of modern civilization is that the capital, created by labour applied to land, instead of being the handmaid of labour, seems to have become its tyrannical

¹ Without labour, capital perishes. "This has actually happened in . . . the Swan River Settlement, where a great mass of capital . . . has perished for want of labourers to use it."
—KARL MARX, *Capital*, I, 793.

and merciless mistress. The worker seems to be becoming more and more the slave of the machine.

For, although we constantly speak of capital in terms of money, it is the machine, rather than money, that is the true type of capital. It is true that when a limited liability company is formed for the manufacture of a certain class of goods, its first step is to collect from investors a large sum of money which is called its "capital." But the mere possession of this money does not enable the "capitalistic" company either to produce goods, or to "exploit" labour, or to earn a dividend. If the money were locked in a safe, none of these things would happen. Even if the company placed the money on deposit in a bank it would get no interest unless the bank could lend the money for some productive purpose. The money is needed for the purpose of building or buying or hiring a factory (standing on a plot of land) and installing in it the appropriate machinery, made of land products, for the purchase of raw material, drawn from land, for its manufacturing processes, and to buy the services of the workers, in the office and factory, who are producing new values by means of the machines. When the company publishes a balance-sheet, the value of the land, the machinery, their patents (if any), their bank balances, and so on, will all be included in what they call their "capital," although representing widely different classes of value.

In spite of appearances, the land, which no man made, always was, and still is, of far greater economic importance than the capital which labour has drawn from it. If a universal earthquake of tremendous violence destroyed all the capital in the world, human labour would, in no long period of time, replace the buildings, machinery, etc., with better buildings and better machinery; for the land, indestructible so long as the earth subsists, would still be there to supply the sites and all the necessary materials. This is what, on a smaller scale, has happened in California and other countries in the zones liable to earthquakes and in the war devastated regions of France. But, if the earth were destroyed, all the capital and all human kind would be annihilated.

The truth about land and capital is set out with pellucid

clearness in beautiful English by Henry George. There is no difficulty in understanding what he means, because he takes great care to define "capital," and the other terms such as "land" and "labour," which are necessarily used in economic discussions. All wealth is produced by labour from land. "Capital is wealth; but all wealth is not capital." "Capital is wealth applied to the production of more wealth. It is stored labour." It is "a subsidiary, never an initiatory factor" in production. "Capital does not use labour, but labour uses capital." "Wages, instead of being drawn from capital, are in reality drawn from the product of the labour for which they are paid."¹ George, dealing with the social and economic evils, which Socialists mainly attribute to the "capitalist exploitation of the workers," traces them back to their origin in the monopoly of land, from which capital, and all other wealth is produced.

Karl Marx, the founder of "Scientific" Socialism, deals with the same problems, with marvellous elaboration and in difficult German, in three massive volumes. His subject is "Capital," but when we find him stating that—

Capital is not a thing, but a social relation between persons, established by the instrumentality of things,²

it is clear that he does not use the word "capital" in the usually accepted economic sense, and it is only by careful search that one discovers hints that by "capital" he apparently means, not concrete wealth devoted to production, but a monopoly, founded, as Henry George pointed out long ago, upon land monopoly.³

Here are a few quotations from the interesting historical chapters at the end of Marx's first volume :—

"Property in money, means of subsistence, machines and other means of production, does not as yet stamp a man as a capitalist, if there be wanting the correlative—the wage-worker who is compelled to sell himself of his own free will" (I, 791).

"Where land is very cheap, and all men are free, where one who

¹ See HENRY GEORGE, *Science of Political Economy*, Book II, ch. xvii; *Progress and Poverty*, Book I, ch. i and iii.

² *Capital* (Vol. I.), *Capitalist Production*, p. 791. Edited by FREDERICK ENGELS (Swan Sonnenschein, 1901).

³ *E.g.*, "Capital signifies the means of production monopolized by a part of society." *Capital*, III, 948.

so pleases can easily obtain a piece of land for himself, labour is very dear as respects the labourer's share of the produce" (I, 794).

"The expropriation and expulsion of the agricultural population supplied the town industries with a mass of proletarians" (I, 769).

"To say nothing of more recent times, have the agricultural population received a farthing of compensation for the 3,511,700 acres of common land which, between 1801 and 1831 were stolen from them and presented to the landlords by the landlords?" (I, 752).

"The starting point of the development that gave rise to the wage-labourer as well as the capitalist was the servitude of the labourer" (I, 739).

"The expropriation of the mass of the people from the soil forms the basis of the capitalistic mode of production" (I, 793; and compare 739, "is the basis of the whole process"; and I, 800, III, 723, 944).

"The capitalist system presupposes the complete separation of the labourers from all property in the means by which they can realize their labour" (I, 737, 738).

Marx, quoting Edward Gibbon Wakefield, tells the story of a Mr. Peel, who, in the early days of Australian colonization, essayed to set up the "capitalist mode of production" at the Antipodes. He took with him to the Swan River Settlement, Western Australia, 3,000 people of the working class and £50,000 worth of capital. Instead of being able to "exploit" the proletarians, he found himself left "without a servant to make his bed or to fetch him water from the river." Neither his money nor his machinery and raw materials enabled him to squeeze "surplus value" out of the labour of his fellow colonists, for there was an abundance of unused land, as open to them as to him. He failed because he had neglected to send out an agent in advance, in the person of a landlord, to fence the land against the immigrants.

Marx makes it clear that the capitalist is able to exploit the worker, only because land monopoly has first reduced the worker to economic helplessness. Denied access to land, his only alternative to starvation is to seek such employment as the capitalist can offer him on such terms as the capitalist chooses to impose. The landless and workless man outside the gate of the factory is a more potent force in the fixing of wages than the trade union of the workers inside its walls. "*The modern system of industry will not*

work without some unemployed margin—some reserve of labour.”¹

The few “Marxian Socialists” who have read the first volume of the “Socialist Bible” right through, and have discovered the very interesting and important historical chapters at the end of it (or have had their attention called to them by some “Henry George man”) sometimes try to maintain that its author meant no more than that, historically, land monopoly gave rise to the capitalist system—gave it a start, since which it has run independently “under its own steam.” This is absurd in the face of Marx’s repeated assertions there and elsewhere, that land monopoly “is the basis,” “forms the basis,” “is a historical premiss and remains the basis” “of the capitalist mode of production . . . which rests on the exploitation of the masses.”

Still fewer Socialists even know that in his third volume,² translated and edited after his death, by his friend and colleague, Frederick Engels, he devoted no less than 227 pages to an elaborate discussion of the “Transformation of Surplus Profit into Ground Rent.” The agreement, so far as the fundamental importance of land monopoly is concerned, between Marx and George, is disguised by the fact that they do not always call the same things by the same name. They agree in distinguishing between “land” and “improvements” (MARX III, 725 ff.), and between “ground rent” and “interest on fixed capital incorporated in the soil” (improvement values) (III, 729). They agree that the worker, denied access to land, is forced to sell his labour in an overstocked labour market, and that he earns more than he gets. He gives what Marx calls “surplus labour” (*i.e.* he works overtime to produce something for which he gets no pay) and so produces “surplus value” for the benefit of the exploiting capitalist. Marx agrees with George that land monopoly is responsible for unemployment, low wages, housing shortage, overcrowding and slums, land speculation. They both deplore and wish to remedy the disastrous maldistribution of wealth, brought about by the landlord usurpation of the equal rights of all

¹ CHARLES BOOTH, *Life and Labour of the People* (I, 152).

² *Capitalist Production as a Whole*. (Chas. H. Kerr & Co., Chicago), Pp. 720-946.

in the common heritage, which is the root cause of the poverty of the workers in the midst of the wealth created by their labours in almost overwhelming abundance.

The British Labour Party which calls itself Socialist has twice supplied this country with a Government and will certainly do so again. It placed upon the Statute Book in 1931 a measure for the Taxation of Land Values, repealed by the "National Government" by a section of the *Finance Act*, 1934. It may stiffen their determination to carry the reform into practice, when they next have the power to do so, if their attention is given to the findings of the founder of what the late H. M. Hyndman called "Scientific Socialism." The following quotations are from Marx's third volume :—

"All ground rent¹ is surplus value, the product of surplus labour—a surplus over and above profit" (III, 743).

"This sum of money is called ground rent, no matter whether it is paid for agricultural soil, building lots, mines, fishing grounds, forests, etc." (III, 725).

"The amount of ground rent (and with it the value of the soil) develops with the progress of social advance as a result of the total labour of society" (III, 746).

"One section of society exacts from another a tribute for the permission of inhabiting the earth. Private property in land implies the privilege of the landlord to exploit the body of the globe, the bowels of the earth, the air, and with them the conservation and development of life" (III, 898).

"To the same extent that the production of commodities develops as a capitalist production, and as a production of value, does the production of surplus value and surplus products proceed. But to the same extent that this continues does property in land acquire the faculty of capturing an ever-increasing portion of this surplus value by means of its land monopoly" (III, 747-48; cp. pp. 726, 728).

"Private property in land is then the barrier which does not permit any new investment of capital upon hitherto uncultivated or unrented land without levying a tax—in other words, without demanding a rent" (III, 884).

"The demand for building lots raises the value of the land as a building ground and foundation, and the simultaneous demand for elements of the terrestrial globe serving as building materials grows with it. It is the ground rent, and not the house, which forms the actual object of building speculation in rapidly growing cities" (III, 899).

¹ By "ground rent," Marx means land rent ("economic rent") not ground rent as commonly understood by land agents and leaseholders. See Chapter VI, par. (2) below.

"The fact that capitalized ground rent represents itself as the price or value of land, so that the earth is bought or sold like any other commodity, serves to some apologists as a justification of private property in land, seeing that the buyer pays an equivalent for it, as he does for other commodities (*sic*) and that the major portion of property in land has changed hands in this way. The same reason would, in that case, serve to justify slavery, since the returns from the labour of the slave, whom the slave-holder has bought, represent merely the interest on the capital invested in this purchase" (III, 731-32).

"From the point of view of a higher economic form of society, the private ownership of the globe on the part of some individuals will appear as absurd as the private ownership of one man by another. Even a whole society, or even all societies together, are not the *owners* of the globe. They are only its *possessors*, its users, and they have to hand it down to the coming generations in an improved condition, like good fathers of families" (III, 901-902).¹

The Marxian *Communist Manifesto* had, as its first demand, "Abolition of property in land and application of all rents of land to public purposes."

That Marx himself came to see that this reform was something more than a mere item in a long programme of reform—that it was fundamental—is shown by an unpublished essay of his, preserved in the Marx-Engels-Lenin Institute at Moscow.² He maintains that "land nationalisation" will "bring about a complete change in the relations between labour and capital and will result in the final end of capitalist production both industrial and agricultural. Then indeed will class differences and privileges disappear, together with the economic basis from which they have sprung. Society will become an association of free producers. Living on the labour of others will become entirely a thing of the past. There will no longer be a Government or State whose existence is separated from Society itself."³

There is a world of difference between the philosophy of

¹ Marx was of the Jewish race and was probably familiar with the ancient Hebrew law of the Year of Jubilee, of which the last-quoted paragraph seems like an echo. See VERINDER, *My Neighbour's Landmark: Short Studies in Bible Land Laws*, ch. IV.

² *The Property in the Soil*, a Preliminary Essay on the Nationalization of the Land. See *Land & Liberty*, May, 1934, p. 60, quoting *Agrar Probleme*, vol. 5, p. 48.

³ Cf. HENRY GEORGE, *Progress and Poverty*, Book IX, ch. IV (Of the changes that would be wrought in social organization and social life).

Marx and that of Henry George. But the quotations given in this chapter might well make Socialists doubtful whether as a question of practical policy, the nationalization of capital or of the banks, or the freeing of the "Mother of all Things" from monopoly, offers the surest road to a new and juster order of society. When Henry George was asked by a Socialist, at one of his London meetings, "What about capital?" his reply was: "When you've got the cow, you've got the milk!"

The great modern prophet of Socialism agrees with Herbert Spencer, the great modern prophet of Individualism, in putting forward the Socialisation of Land Values as the first and most fundamental of all reforms. Henry George has shown how this end can be achieved by the use of the machinery of taxation.

CHAPTER V

TAXATION

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—HENRY GEORGE.

"Taxation may create monopolies, or it may prevent them; it may diffuse wealth, or it may concentrate it; it may promote liberty and equality of rights, or it may tend to the establishment of tyranny and despotism; it may be used to bring about reforms, or it may be so laid as to aggravate existing grievances and foster hatred and dissension among classes; taxation may be so controlled by the skilful hand as to give free scope to every opportunity for the creation of wealth or for the advancement of all true interests of States and Cities, or it may be so shaped by ignoramuses as to place a dead weight on a community in the race for industrial supremacy."—Prof. ELY, *Taxation in American States and Cities*, p. 55.

THE Secretary to the Treasury told the House of Commons, on June 20th, 1933, that the amount paid in rates and taxes in 1913 was £245 millions and "at the present time" £816 millions. Later in the year he stated that the taxation per head for 1933-34 amounted in this country to £14 10s. 6d., an average of £72 12s. 6d. for a family of five persons (£1 7s. 11d. per week). The policy recommended, after the Armistice in 1918, for application to Germany by her victors, has been applied to the citizens of this country by our post-war governments. We are being squeezed by the tax-collector "till the pips squeak."

In the early months of each year, many people, with an eye on the approaching Budget, offer to the Chancellor of the Exchequer, usually by way of letters to the Press, suggestions for the imposition of new taxes, the increase of old ones or the reduction or abolition of existing ones. The new taxes are to be imposed on things which are regarded as unnecessary or useless or harmful. Things that are desirable, useful, conducive to well-being are to be relieved of taxation. Consciously or unconsciously, such proposals

are based upon the truth that taxation is a weapon of destruction.

In some cases, the facts are too plain to be denied or ignored. The old window-tax, a tax upon light and air and therefore upon health, caused the boarding-up or bricking-up of countless windows. This tax was abolished in 1851.¹ It then yielded nearly £1½ millions.

But it also prevented builders of new houses from making as many windows as were necessary for health; and houses still exist, built before 1851, whose blinded windows show that the evil which such taxes do lives after them. In both cases, the result was the same—fewer windows than there would have been, if there had been no window-tax. A tax upon cats, sometimes proposed by persons who, for some reason, dislike these animals, and recently suggested by Lord Kilmaine, would lead to the sending of many cats to the lethal chamber, to the prompt drowning of most litters of kittens. In the case of all subjects of taxation, the supply of which is due to human labour or is under human control, the general effect, if not the deliberate intention, and the usual result, is destruction, partial or complete.

The deliberate intention is clear enough in the monstrous system of taxation—reintroduced into this country during the War and carried to extravagant lengths since the "Peace"—oddly called "Protection." It is hardly possible to conceive any method of taxation more completely destructive in its effects. A poster of the "National" candidates during the General Election of 1931 showed an ocean steamship by the side of a quay, on which were piled boxes of goods, labelled "From Denmark" and a number of other foreign countries. The poster carried an appeal to the electors to vote for the candidates who would "keep all these things out." Some of the results of this policy were soon to be seen in Southampton Water, the Liverpool Docks, the Clyde Lochs, and other anchorages, filled with idle merchant vessels, laid up owing to the destruction of the foreign trade in which they had been engaged.

¹ Parliament substituted for it a tax of exactly the same destructive character—the Inhabited House Duty, repealed by Mr Snowden in 1924.

Thousands of men, whose normal occupation was to "follow the sea" were thrown out of work by the destruction of their jobs.¹ Belfast Lough and the banks of the Clyde presented a melancholy panorama of idle ship-building yards: more unemployment. Elsewhere, the many industries such as iron and steel works, engineering shops, etc., which should have been busy preparing material for the building, repairing or furnishing of ships, were at a standstill, and their employees were "on the dole." This is only one of the effects of tariffs. It is quite impossible even to guess how much other unemployment was caused among those who, but for the Tariffs, would have been called upon to furnish cargoes of goods for the ships, in payment for the imports that were being kept out of the country. The workmen who, during the "raging and tearing propaganda" of "Protection," in the days when Joseph Chamberlain was its chief prophet, sang in sarcastic chorus:—

"Tariff Reform" means "work for all"—
Chopping up wood in the workhouse.

showed themselves better economists than the great ex-Radical who endeavoured, in the early years of the twentieth century, to restore the blessings of "Protection" to a generation that had not experienced the "Hungry 'Forties" of the nineteenth. In one respect, Chamberlain proved a true prophet, for he warned the people that "Protection" would necessarily involve a tariff on food.²

A hundred years ago, the *Times*, which now supports "Protection," wrote of the Corn Laws that "the redundancy of hands [unemployment] in this country is not necessary, is not natural, but has been produced artificially and inhumanly by that law which sets a fictitious price on the first material of human subsistence, prohibiting a free

¹ In Liverpool, 93,000 people on relief in January, 1935, and the Government trying to save the shipping industry by grants and loans at the cost or risk of the taxpayers.

² In England, "Tariff Reform" meant the introduction of "protective" duties; in the United States and Australia it meant the reduction of the high tariffs already in force. For a fuller discussion of Protection, especially in its relation to Taxation of Land Values, see HENRY GEORGE, *Protection or Free Trade*, and FREDK. VERINDER, *Free Trade and Land Values* (o.p.).

trade in corn, and by strict consequence *in all those articles of production for which corn would be given in exchange.*"¹

The farmers in those days rejoiced in the high price of corn, and the landlords had even greater reason to rejoice in the high rent of land. That the agricultural landlords of to-day are to be the ultimate beneficiaries of our modern food taxes was made clear about the end of 1933, when the bursars of seven of the largest and wealthiest of Oxford colleges made a very urgent appeal to the Minister of Agriculture for "a further drastic curtailment of the supplies of imported beef" to help their agricultural tenants to pay their rents. Lord Astor wrote to the *Times* on January 24th, 1934, and since, reviewing past and proposed interferences with trade in hops (already blessed with a tariff of 50 per cent.) and asking: "Is it wise to endow with such a monopoly certain individuals [the present growers?] Is it right to make a gift of the large increment in land value which would accrue to the acres at present under hops?"

Space cannot be found here for a full discussion of the evils of "Protection." Some of them are making themselves manifest, and old "slogans" are being abandoned or changed. It is useless any longer to pretend that "Protection" is a panacea for unemployment. The alleged value of a tariff as an instrument of bargaining with other tariff-ridden countries is less obvious than the readiness of other countries to retaliate by raising their tariffs still higher, or by imposing new ones in reply to ours. It is still impossible to "cast out devils by Beelzebub," or bring about a return to Free Trade by a "ruthless" use of Tariffs as Mr Lloyd George seems to think. It is absurd to pretend that the way to bring about Free Trade is to go into negotiation armed with a bludgeon in the form of a "temporary tariff,"² and so compel other countries to abolish theirs.

The moment that a "Protective" Duty is placed on any article of British production a privileged interest is created. The producers, unchecked by foreign competition, are able

¹ *Times*, January 3rd, 1834.

² The Income Tax, at 7d. in the £, was imposed by Peel in 1842 as a temporary tax (for three years)!

to raise prices, and will fight to the last ditch to conserve their profitable privilege. Temporary tariffs have been imposed to foster "infant" industries, but the infants never seem to grow up. We are having a similar experience with our infant bounty-fed beet-sugar industry, the story of which is a crying scandal. Such tariffs open wide the door to such political corruption as the tariffs of the United States have notoriously produced. In any case, the stimulus which competition gives to increased efficiency is weakened or removed.

The foreign travel, which might do so much to promote friendliness between the nations, is impeded by the irritations of the Customs House examinations of luggage in search of dutiable articles, many in number and often fairly easy to conceal. When a whole class of products is subjected to a tariff, a large number of artificial crimes may be created by a stroke of the pen and men are tempted to commit them, partly by a sense of the injustice of such taxation and partly by the larger margin of profit which can be obtained on many kinds of uncustomed goods. The effort to suppress that form of free trade which is now called "smuggling" greatly increases the already heavy cost of collecting the tariff duties. Those business men who, in spite of the tariff, continue to import goods for which there is still a demand, are subject to heavy expense, annoying delays and vexatious regulations in their endeavours to get their goods through the Customs. Finally, the disputes and ill-feeling engendered by what is, often and rightly, called this Trade War are a real danger to International Peace, as in the case of the tariff-fight between England and the Irish Free State. To use a national tax as a weapon of offence against other nations is a dangerous proceeding in a world that refuses to disarm.

Other devices besides Tariffs have been adopted by the "National" Government with a view to preventing good things from coming into this country. "Quotas," which Mr Runciman calls "quantitative regulation of imports," lessen imports and raise prices without even producing any revenue at all. At a Midland Divisional meeting of the Co-operative Wholesale Society it was

reported¹ that, owing to the operation of the bacon quota, their members had paid £136,738 *more* for 2,900 cwts. *less* bacon. The sugar "bounty" has cost the taxpayers £40,000,000 in nine years. There are "subsidies" for wheat-growing, etc. These are certainly not "paid by the foreigner." They are paid in money by the British taxpayer, in suffering by the unemployed in the export trades, and in confusion by the industries, which the Government is trying to encourage.

Even before the Great War, we had a list of imported articles which it was a law-made crime to bring into this country without paying a tax. We had what was called a Tariff for Revenue only. So far as any of these articles (*e.g.*, chicory, tobacco, some alcoholic drinks) could be produced in the home land, there was a countervailing duty of Excise imposed upon the home product. They were not "protective" taxes, and were not intended to be. They belonged, as Protection does, to the vicious class of Indirect (or Crooked) Taxation, of which William Pitt said many years ago :—

There is a method by which you can tax the last rag from the back, and the last bite from the mouth, without causing a murmur against high taxes, and that is, to tax a great many articles of daily use and necessity so indirectly that the people will pay them and not know it. Their grumbling will then be of hard times, but they will not know that the hard times are caused by taxation.

More tersely, and with brutal and insulting frankness, the French statesman Colbert once defined indirect taxation as a method of plucking geese so as to get the most feathers with the least amount of squawking!

Since the Liberal Party demanded the abolition of the Breakfast Table Duties in the famous Newcastle Programme of 1891, the arguments against this sort of taxation have been so frequently stated that they must now be familiar to all intelligent electors. The duties fall upon necessities and simple comforts of life; they increase the price of these, beyond the actual amount of the tax, by enabling the middlemen through whose hands the goods pass, after they are taken out of bond, to make a profit on the amount of the tax as well as upon the prime cost of the

¹ *Co-operative News*, January 27th, 1934.

articles, and so violate Adam Smith's canon "that every tax should be so contrived as both to take out and keep out of the pockets of the people as little as possible over and above what it brings into the public Treasury of the State;"¹ and they press most hardly on the poorest citizens.² All these objections and others that are hinted at above apply, in far greater form, to the indirect taxes whose aim and object is what is called "Protection." It is true that one may escape these indirect taxes by ceasing to buy the taxed articles, *e.g.*, by abstaining from alcohol and tobacco: but, in the highly protected country that Britain now is, such a method of avoiding unjust taxation would reduce us to a state of absolute destitution.

There are few things more greatly to be desired than the complete sweeping away of this system of indirect taxation, whether "protective" or "for Revenue only," when a new Government introduces its first Budget. But it will be necessary to see to it, that this is done (1) in such a way that the people who have suffered under "Protection" shall get the benefits of its abolition,³ and (2) that the *whole* of Trade, the production as well as the distribution of goods, and not merely the international exchange of goods, is made free from the attentions of the tax-collector.

Who will get the surest benefit from the increase of prosperity which will follow on the abolition of Tariffs?

On August 10th, 1795, the Scheldt, which had long been closed by the Dutch against the overseas trade of Antwerp, was declared free, and was placed under the safeguard of the French Republic. "It is said that the very day after the publication of this decree, the value of houses and land in Antwerp was increased tenfold."⁴ It is clear, in spite

¹ *Wealth of Nations*, Book V, Ch. ii.

² "The smallest incomes pay a disproportionately larger percentage [of food taxes]. . . . *The lower the standard of comfort, the larger the percentage that is taxed.*"—F. W. KOLTHAMMER, M.A., *Some Notes on the Incidence of Taxation on the Working-Class Family* (the Ratan Tata Foundation of the University of London, 1913). The italics in the quotation are Mr. Kolthammer's.

³ See HENRY GEORGE, *Protection or Free Trade*, Ch. xxv: "*The Robber that takes all that is left.*"

⁴ WILFRID C. ROBINSON, *Antwerp: an Historical Sketch*, quoting NAMECHE, *Hist. Nat.*, xxviii, 27.

of the wording of this statement, that this increase was of land value only; the structural value of the houses could not have been increased 900 per cent by a measure which would probably have the effect of cheapening building materials. Antwerp was then enclosed within narrow limits by its fortifications, and the artificial scarcity of land within the walls accentuated the rise of land values which followed immediately on the opening of the port to complete freedom of international exchange.

The same kind of result will inevitably follow the abolition of "Protection" in this country, if access to land is still limited by the power of the land monopolist. For this reason, the revenue now derived from duties of Customs and Excise should be substituted by taxation of land values, which will make available, for the demands of rapidly increasing trade, land which is now withheld from productive and commercial use. Moreover, there is no other visible means of replacing the revenue now yielded by the indirect taxation of home and foreign products except other forms of taxation "in restraint of trade."

Trade does not consist only in *exchange* of goods. In our English speech this is recognized; the word "tradesman" is applied indifferently to productive workers and to shopkeepers. All kinds of producers have their "trade unions." Goods must be produced before they can be exchanged, and every kind of commodity traces its ancestry back to a job of work on land. "Protection" is an evil thing because it hinders, and sometimes altogether prevents, the exchange of goods. Landlordism may, and often does, by holding up land, make it impossible to produce anything to trade with. Once more, the breakdown of land monopoly by the taxation of land values is (as a doctor would say) "indicated" as the cure for a great social evil.

What is left of a "land tax" of William III's time still yields a small sum to the Exchequer. Most of it has been redeemed, and the remainder is paid at a reduced rate on an imperfect valuation now well over 200 years old. It falls most heavily upon land in the poor country parishes which have shown the smallest increase of population during the past two centuries. Some part of the national revenue is derived from a large profit on the public services

entered by the Post Office,¹ and by the national investment in Suez Canal shares.

Apart from such items as these, the bulk of our national revenue is raised by a bewildering multiplicity of taxes, far too numerous to catalogue in detail in a small book. They are based upon (1) earnings, or rather, incomes; (2) pendings, taxed by the indirect or "crooked" method; (3) savings or accumulations; (4) premiums or licences to engage in business or to enter a profession; (5) processes of production; (6) transactions of business; (7) transport;² (8) recreations and amusements.

These multifarious impositions are sometimes defended on the ground that they ensure, or at least are designed to ensure, that every citizen shall contribute towards the national house-keeping expenses in proportion to his 'ability to pay.'³ But no one of them, nor all of them in combination, can be deemed to afford a just measure of this ability. The continual effort to adapt the Income Tax, which is avowedly based on ability to pay, to its alleged purpose, has, after innumerable amendments in annual Finance Bills, brought Income Tax law to a state of complication which only professional experts and frequent appeals to the Courts can unravel. An income of (say) £250 a year may represent many widely different degrees of ability to pay, according to the social position, the occupation, the place of residence, the standard of living, and the family circumstances of its recipient. The poor only escape liability to this tax if their earnings are below the miserable limit of fifty shillings a week. To reduce the purchasing power of each of these shillings (apparently on the assumption that the possession of the shilling denotes ability to pay

¹ The Government appears to have realized at last that these profits represent a tax upon the users of the Post Office. Some part of them is now to be retained for the improvement of the postal service.

² An advertisement in January, 1934, complains that motor-cars are taxed to the amount of £64,000,000.

³ Yet a miser, who hoarded all his money in a strong box and lived a lonely and useless life in a garret on bread and water, would escape nearly all taxation except the Death Duties, and might escape even them if he secretly gave away his money before his death.

a tax) by indirect taxes on the foods and drinks upon which they necessarily spend a large proportion of their earnings, is an outrageous act of oppression, and to tax their occasional visits to "the pictures," unless they occupy the very cheapest seats, is to add insult to injury. Amusement is at least as necessary to the hard-working proletarian as to the idle rich.¹

The fact is that "ability to pay" is, as nearly as possible, the worst canon of taxation. The theory is as old as the history of tyranny. Mediæval kings acted on it. Isaac of York knew all about it: in days long before the apparition of Adolf Hitler, the Jew's ability to pay was tested, not by inquisitorial Income Tax forms, but by painful operations of dentistry. Oriental rulers have long been experts in the application of the principle, and their subjects learnt that it was dangerous to show any signs of wealth. Dick Turpin and Captain Kidd assessed travellers by land or sea to their method of taxation according to ability to pay, as do the American "racketeers." It is amazing to find governments of "civilized" countries still willing to follow such examples.

The injustice of such methods of taxation is partially concealed from their poorer victims by the steep graduation of the Income Tax. Knowing by experience how hard it is to earn a pound or two a week, they realize that no man is clever enough or industrious enough to *earn* hundreds of thousands a year, or, by honest means, to accumulate millions to leave to his heirs. The graduated Income Tax, the Super-Tax, the heavy Death Duties on very large estates give an appearance of rough justice to the system. But surely it is not the right course to allow a man to make an enormous income at the expense of his fellows,

¹ Our present methods of taxation penalize industry and thrift and interfere in many ways with quite honest business transactions. Take a simple and quite absurd instance. *A* agrees with *B*, a carpenter, to do a job about the house for £2. He pays by cheque and gets a receipt. The State insists that a twopenny stamp be affixed to each of these documents. It costs *A* £2 0s. 2d. to pay a debt of £2, and *B*, who is entitled to the £2, is left with a net sum of £1 19s. 10d. It seems to be held that ability to pay these taxes is proved by the fact that *A* has £2, and that *B* is receiving it as the reward of his labour.

and then to tax him while he lives and his heirs when he dies. The right course is to alter the system under which it is so easily possible for some to "get on" to such an extent by pushing many others off. These very large incomes and accumulations are always due to the possession by their recipients, or by those from whom they have inherited, of some special "pull," some form of monopoly—usually of land monopoly or some of its numerous progeny.¹

Adam Smith is often quoted in defence of the "ability" basis of taxation. It is true that he says that "the subjects of every State ought to contribute to the support of the Government as nearly as possible in proportion to their respective abilities"; but he apparently believed that ability to pay taxation could be measured by "the revenue which they respectively enjoy under the protection of the State,"² and he maintains that "ground rents [*i.e.*, urban land values] and the ordinary rent of land [agricultural land values] are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. . . . Ground rents, so far as they exceed the ordinary rent of land, are altogether due to the good Government of the Sovereign."³ This brought him a long way on the road to the land value basis of taxation.

In our thickly populated communities people could not live and work together without some form of Government, charged with the duty of maintaining certain necessary social services for the common benefit. These services are naturally costly, and some way must be found for raising the money to pay for them. Our way is by taxation. Taxation, justly levied and properly applied to purposes of general utility, is not an evil thing. The main reason why people so generally grumble at the taxes they have to pay is that they feel that the fiscal burdens they have to bear are not justly apportioned among the members of the community.

We offer them a method of taxation which does satisfy

¹ See Chapter III.

² See EDWIN ADAM, *Land Values and Taxation*, p. 38 ff., who shows the importance that must be attached to the words "under the protection of the State."

³ *Wealth of Nations* (first edition, 1776), Book V, ch. II, Part II.

the dictates of Justice: the taxation of land values. If it be asked, Why add yet another tax to the multitude of taxes you are always attacking? the answer is that the taxation of land values is not offered as an *addition* to the long list of existing taxes, but as a *substitution*, immediately for some of them, ultimately for all of them; that the new "tax" is not another of the same kind as any of the old ones, but, in effect, the transfer into the public purse of an old tribute which, under the name of rent, has been collected for centuries from the users of land by the land monopolists, and paid into their private banking accounts.

Land is different from the things we now tax. Its value is a value different in kind from the values that are assessed to Duty in our Custom Houses or to local rates by the Assessment Committees of our Local Councils. Consequently, the effects of a tax upon such a basis will be different.

The *Times* reminds us every day at the head of a quotation from its issue of 100 years ago that at that time its price was 7d. per copy. At least half the price was due to the paper tax. To make it clear that the tax, although paid in the first instance by the proprietor, was passed on to the purchaser, the publisher of the *Athenæum* used to print on his journal: "Paper and print, 3½d.; Taxes on Knowledge 3½d.; Price 7d."¹ The tax killed many newspapers, and reduced the circulation of those that survived. It ruined many of the smaller paper-mills.² Its abolition left the way clear for the coming of much larger newspapers, with enormous circulations, at a much cheaper price. It is not always quite so easy to show the public that the normal effect of a tax upon commodities, whether produced at home or imported from abroad, is, by increasing the cost of production, to raise their price, and so limit the demand for them. Even if the higher price does not always prevent people from buying the taxed goods, the payment of it leaves less money available for the purchase of other commodities. The toper, who will have his drink at any price, may go on tipping, even if increased taxation doubles

¹ If it were possible for grocery bills to be made out after a similar fashion, the housewives of Britain would make short work of the food taxes at the next General Election!

² COLLET, *History of the Taxes on Knowledge*, I, 51, 68, 198.

or quadruples the cost of his pints, and even if his wife and children have to go short of food. The tax, collected from him by the brewer through the publican, may indirectly destroy part of the trade of the baker and shoemaker.

The commodities, the supply of which can be controlled by man, because they are produced by human labour, cannot be taxed without a destructive effect upon their production. But land is not produced by man. Its amount is fixed beyond man's control; no tax can diminish its area; no effort can increase it. It can only be put to a better or worse use, while goods (given the necessary access to land) can be almost indefinitely increased by devoting more labour or applying better methods to their production. The value of land is due, not to the labour of the person who claims to own it, but to its natural advantages of position, to its fertility of soil or richness in mineral content, to the enjoyment of National and Municipal services which its occupation makes available, and to the conscious or unconscious co-operation of the surrounding population.

A tax based upon land value will fall both upon land, which is in use, and upon contiguous land, enjoying similar advantages, even if it is entirely unused. Everywhere in this country there is land which is either not used at all or is being put to some poor use, far inferior to its potentialities. A tax upon the value of land, irrespective of the use to which it is (or is not) put, would immediately stimulate the holders of idle land, either themselves to put it to good use or to let or sell the land to others who would do so. The *market supply* of land will be increased by such a tax. Whereas taxes on labour products tend, by decreasing the market supply, to increase their price, a land value tax will have exactly the opposite effect upon the price of land. Access to land will become cheaper and easier. Land, now held out of use as a speculation, will become available for productive use. There is no known way of putting land to productive use except the employment of labour upon it.

It follows from the foregoing considerations that a tax upon land value cannot be "passed on" by landlord to tenant in the way in which taxes upon goods are passed

on from manufacturer or distributor to consumer.¹ Ricardo recognized this as a natural consequence of the Law of Rent. "A tax on rent [land value] would fall wholly on landlords and could not be shifted to any class of consumers" for "it would leave unaltered the difference between the produce obtained from the least productive land in cultivation [use] and that obtained from land of every other quality." The marginal land—the *datum* line from which rent is measured—would not be affected by a tax to which *ex hypothesi* it is not subject.²

The more closely the nature of land value is studied, the clearer it becomes that it is the only basis of taxation whereby, as Adam Smith³ said, "no discouragement will be given to any sort of industry." A tax upon land values is the only tax which does not operate "in restraint of trade." It at once stimulates and facilitates the production of wealth and promotes its equitable distribution among the members of the community who produce it.

Yet a land value tax, like all other taxes, is destructive in its effects. Properly applied, and carried to its logical conclusion, it will destroy land monopoly, the enemy of all industrial and social progress, and thereby will open up land to the willing worker when and as it is needed for productive use. It will fall with the greatest severity and effect upon that "Public Enemy, No. 1," as they might say in America,—the speculator in land values. The workman who follows the "mugs' game," and bets on horses and dogs in the effort to get money without working for it, may do serious harm to his wife and children and may even be driven to the Public Assistance Committee. The speculator in land values, using as a gambling counter that which is essentially necessary to the very existence of his fellow-citizens, becomes an active agent in the creation of unemployment and slums with all the poverty, misery, sickness and crime which these social curses bring with them.

In proportion as we base our taxation on land values, we shall be substituting for the discredited canon of "ability

¹ See Chapter XII, p. 139.

² See Chapter I, p. 9.

³ *Wealth of Nations*, Book V, ch. II, Part II.

to pay " a new and just basis of taxation " according to benefits received." As every social improvement finally expresses itself in terms of land value, it is only just that those publicly-created values should be paid over by those who, in the first instance, collect them, and be applied to necessary public uses.

CHAPTER VI

SOME INADEQUATE REMEDIES

"The remedy to which our conclusions point is at once radical and simple—so radical that, on the one side, it will not be fairly considered so long as any faith remains in the efficacy of less caustic measures; so simple that, on the other side, its real efficacy and comprehensiveness are likely to be overlooked, until the effect of more elaborate measures is estimated."—HENRY GEORGE, *Progress and Poverty*, Book VI, ch. I.

"When the object is to raise the permanent conditions of a people, small means do not merely produce small effects; they produce no effect at all."—JOHN STUART MILL.

It should be noted that, when we say Taxation of Land Values, we mean exactly what we say.

(1) We do not mean, for instance, *taxation of land*. At first sight there may be something superficially attractive, to some minds, about the sort of proposal, which is still occasionally heard, that all land should be taxed at so much per acre. It calls up a picture of a heavy tax upon the ducal owners of vast stretches of country, while the poor man's plot is let off very lightly. Such a tax would undoubtedly produce some revenue, but it would not be just; and it would fail to produce the economic and social effects at which the advocates of taxation of land values aim, because it fails to take note of important and well-known economic facts.

Some land has, under present conditions, no known economic value. No one desires to use it or is willing to pay rent for it. Other pieces of land have values which vary amazingly between nothing at all and the five or six million pounds (and more) per acre, the price at which small building plots in the heart of the City of London have actually been sold in recent years. No "specific" tax on acreage that would be worth collecting could be devised that would not exceed the value of the poorest land in use and drive it out of use, without having any appreciable effect on the enormous values of land in the centres of

great towns. The tax must necessarily be an *ad valorem* one; a tax according to value.

(2) A *tax upon "ground rents"* gets us a little, but not much, nearer to a true conception. "Ground rent," as an economist like Adam Smith uses the term, might be an acceptable substitute for the term "land value," *i.e.* "economic rent." It would mean the same thing. But "ground rents," in the commercial sense, as the words are used in land agents' advertisements or in the language of leases, do not necessarily, or often, correspond to what we mean by "land values."

Under the prevailing system of long leases, the "ground rents" set out in the covenants, even if they correspond at the beginning of the lease with the true value of the site, soon cease to do so, in most cases, through efflux of time and social changes. For all kinds of reasons, the value of the land in any district may go up or down during the currency of a lease, but the ground rent covenanted for remains the same till the term expires, even if the growth of a slum or the erection of a soap-works in its immediate neighbourhood, or an influx of undesirables, destroys the amenities of a residential estate, and lowers its land value. Conversely, in a growing industrial town there may arise a strong demand for factory or warehouse or shop sites in the neighbourhood. The land acquires a high potential value for commercial purposes, but the ground rent remains the same so long as the leases remain in force.

It is clear that "ground rents" afford no just basis for taxation on land values. They arise only where land is in use as sites for buildings. There are millions of acres of land in this country unused or put to a very inadequate use. Much of this land has a high value, but it produces no "ground-rent" or any rent at all, except perhaps a small accommodation rent. In such cases as these, a tax upon ground rents would fail to do justice to the public which has created and is maintaining the value of these lands now withheld from use.

(3) "*Site Value*"—the value of land due to its position, which enables its occupier to enjoy the natural and social advantages inherent in it or within reach of it—would be a useful term were it not for the strange habit, unfortu-

nately very prevalent, of drawing a distinction between "urban land" and "agricultural land," and of confining the use of "site value" to the former. This manner of speech is common in all political parties, and helps to foster the idea that agricultural land values should be exempted from taxation and rating. Yet the *position* of farm land has much to say to its "site value." It surely makes a difference to its value for farming purposes whether or not it is in a good climate, in a sheltered valley, has a southern aspect, is within reach of a good market accessible by good roads or canals or navigable river or a nearby railway or motor-bus service, a good water supply and natural drainage, with access to the service of the telephone and electric "grid," and so on: all these are matters of position, "site" values which may make a great difference to "agricultural" rents. Situation is an important element in the value of land, whether in town or country.

"Land in the neighbourhood of a town," wrote Adam Smith,¹ "gives a greater rent than land in a distant part of the country. Though it may cost no more labour to cultivate the one than the other, it must always cost more to bring the produce of the distant land to market." The two elements of the value of agricultural land, apart from improvements which have been made in or upon it by human labour, are natural fertility and situation: neither of these is the creation of the landlord.

Besides all this, it is practically impossible to draw a clear line of demarcation between "agricultural" and other categories of land. Agricultural land is constantly becoming "building land" with the growth of population and the progress of industry. The exploiting of the Kentish coal-field has created miners' villages in the "Garden of England." Captain Arthur McDougall,² as a member of the Public Health Committee of a Scottish County, was engaged "in looking for a site for a housing scheme of eight houses in and around a small village of about 800 inhabitants. All the land belonged to two landowners and wherever we suggested a site the price was £300 an acre on the road, and not less than £200 in the back areas and right

¹ *Wealth of Nations*, Book I, ch. XI, Part I.

² *Land & Liberty*, August, 1933.

out in the open. Here (he says) wherever we went, as elsewhere, the owners in practice make no distinction between agricultural and building land, but simply say: 'Wherever you want to build is building land and £200 is the price.' The advent of the Taxation of Land Values would change all that, and this land would tumble to £20 an acre for building, or less." Almost any municipal councillor could tell similar stories.

The one good word that can be said for the term "site values" is that it does at least suggest the value of land apart from the value of the buildings upon it. The inclusive term applying to all cases is "land value."

(4) The *taxation of unearned increment*, properly understood, might have served to describe fairly well what is meant by taxation of land values, but for the very limited application in which the expression is commonly used. Mr Lloyd George's *Finance Act* of 1909-10 ingeniously used an "Increment Duty" as part of a scheme to facilitate a Land Valuation, which, if it had been amended and completed, might have served as a basis for a land value tax. Such a tax for such a purpose may have been justifiable as a temporary expedient; but, as a permanent feature of our fiscal system, it is not a substitute for taxation of land values, for it would leave present values untaxed, fail to do justice as between the landlord class and the nation, and fail to bring about the economic effects that would follow a tax on *all* land value. Nor has a tax so levied any logical justification.

The proposal was to fix an arbitrary date and to regard any increase of land value which accrued after that date as an "unearned increment." Suppose the date to be 1909. All increase of land value after that date would be "unearned increment," liable to taxation on the occasion of the transfer of the land to another holder by sale or death. But the increase of value between 1900 and 1909, or between 1800 and 1900, would have been equally "unearned." If one goes back far enough, the *whole* of the land value is seen to have been built up by successive increments, "earned" by the growth of population and the advance of civilization, "unearned" by the heirs, executors and assigns of the original grantees.

The taxation of unearned increment means no more than the taxing on certain occasions of the latest accretion of value to some land units. The community which, in the past, has created and is now maintaining all the land value, has the right to take all the value that it has called into existence. This can be done only by a straight tax on all land values.

(5) "*Betterment*" is a partial and local application of the "unearned increment" idea. The carrying out of every well-considered public improvement increases land values in the area benefited by the improvement. The usual form of the proposal is that part of the increased value shall be collected from the landlords thus benefited. Apart from the difficulty, which is often obvious, of delimiting the area of benefit, there is the further question of what is to be done in those cases in which land value suffers a diminution through the making of an improvement: when, for instance, the site values in the High Street of a town fall in consequence of the diversion of traffic to a bye-pass road. If "betterment" calls for an extra tax, does "worsement" entail compensation? A universal tax on all land values would achieve all that a betterment tax could do and much more, and would give rise to no such problem. If the land value increases, the assessment to the tax would increase; if it falls, the assessment would be automatically lowered.

Provisions for both "betterment" and "worsement" are embodied in the Acts for Town Planning, but have been almost a dead letter. Sir Selwyn Fremantle pointed out, in *Town and Country Planning* (August, 1933) that—

"It is a difficult matter to decide at the time an open space is reserved, what lands are increased in value and by what amount, and the provision that payment must be made at once before the owner has realized any pecuniary benefit, naturally, when so much is doubtful, keeps the amount low. In fact there have been very few cases where the principle has been applied at all. In the case of Gunnersbury Park, for instance, which covers 200 acres and was acquired by a group of local authorities, it was stated by Mr. Lawrence Chubb, at a meeting of the National Playing Fields Association in 1927, that the value of some adjoining land had risen from £150 to £2,000 per acre, but no special assessment for betterment had been levied on the owner."¹

¹ Quoted in *Land & Liberty*, March, 1934, p. 33.

(6) Proposals are still heard, from time to time, of a "Tax and Buy" policy. It is plausibly argued that a fair valuation could be obtained from the landlords themselves at comparatively small cost by getting them, as one of the advocates of this plan was fond of saying, "in a cleft stick." If they value their land too high (we are told) they will have to pay a high tax on it. If they put the value too low, in order to escape part of the tax, they will be in danger of being bought out, by the State or Municipality, at their own valuation. The legitimate occasions for buying land with public money are so limited that the danger of being bought out at a low price could probably be met by a scheme of insurance at a low premium. If the municipalities engaged in land speculation on a large scale, the presence of great public funds for that purpose in the land market would tend to keep up the price of all land, and so to counteract the tendency of land value taxation to keep down its price.

(7) A *local income tax* has sometimes been offered as a substitute for the rating of land values. All the many objections to the present complicated system of income tax, with its exemptions and abatements, etc., would lie against such an addition to it. There would also be the additional difficulty of the numberless people who carry on their business in the City and live somewhere else. From the point of view of land value taxers, the proposal is absurd. For their aim is not to tax *income* from land but the *value* of land. A local income tax, so far as it applied to income from land, would be only another name for taxation of ground rents. It would automatically exempt all the owners of unused land, much of which is very valuable, and would partially exempt the holders of under-used lands, and of lands of increasing value, the ground rents of which were fixed years ago under long leases. Moreover, it would impose a new tax for local purposes upon houses and other improvements, which the advocates of our reform are anxious to exempt from taxation.

For these reasons, and also because Income Tax is levied upon income from improvements as well as from land, "Schedule A" of Income Tax is absolutely useless as a basis for taxation of land values, and cannot be made

available for the purpose by any such rule-of-thumb deductions as are sometimes suggested.

(8) It should now be clear to the attentive reader that there is no foundation for the statement constantly made by opponents of the taxation of land values that this reform was tried by Mr Lloyd George in his famous 1909-10 *Finance Act*, and has failed. The Land Sections of that Act made provision for a Valuation of all the Land in the Kingdom (including agricultural and mineral) apart from the value of improvements, and came near to establishing a basis for a uniform national tax and for local rating upon land values. For that reason, the Valuation Clauses were enthusiastically supported by those who had long been working for such taxation and rating.

The 1909-10 *Finance Act* was wrecked by its taxation clauses. As was pointed out at the time, the attempt to discriminate between different categories of land (*e.g.*, "undeveloped" land and "agricultural" land) and to tax some portions of land value (*e.g.* "increments") on irregular occasions (*e.g.* on sale, on the death of the owner, on the falling-in of a lease) created difficulties which would not arise if the tax were uniform and general.¹ These unnecessary complications (Increment Duty, Reversion Duty, Undeveloped Land Duty and so on) caused difficulties of interpretation which brought the Act into the Law Courts. Judicial decisions held up the progress of the Valuation. Mr Lloyd George pledged himself to put these matters right by a *Revenue Bill*, which was postponed in 1913, and was to have been passed in the Autumn session of 1914. The declaration of War on August 4th of that year made it impossible to pass the Bill, and another Government afterwards stopped the Valuation, repealed part of the Act, and actually returned to the landholders the tax-money they had already paid.

(9) The object of the reform which Henry George advocated was to give practical effect to the people's equal rights in their common heritage—the land. It is obvious

¹ See FREDK. VERINDER; two Memoranda in *Land Values* (now *Land & Liberty*), July and December, 1909, for a fuller discussion of the original draft and of the final form of the *Finance Bill* respectively.

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at, under modern conditions, this cannot be done by *dividing the land itself*. The steady growth of population, the unequal needs of individuals for the direct use of land, the variations of land value from place to place and from time to time, make such a division quite impossible. It would be as absurd as a proposal to give effect to the rights of railway shareholders in their property by dividing the track, rolling stock, etc., among them. The earnings of such a joint-stock enterprise are paid into a common fund, out of which necessary expenses are met, and the balance, if any, is divided among the shareholders in proportion to their shares. It is easy to conceive of the Nation as a great landholding company in which every citizen has one share. The company's collector-in-chief (the Chancellor of the Exchequer), through the Inland Revenue Department, collects the rent of the national estate, and pays the necessary national expenses, repealing one by one, as the rent comes in, the taxes which are levied on the earnings, savings, amusements, etc., of the citizens.

CHAPTER VII

"LAND NATIONALIZATION"

"Unrestricted private property in land is inherently wrong, and leads to serious and wide-spread evils."—The late Prof. ALFRED RUSSEL WALLACE.

"The advocates of a great principle should know no thought of compromise. They should proclaim it in its fullness, and point to its complete attainment as their goal. But the zeal of the propagandist needs to be supplemented by the skill of the politician. While the one need not fear to arouse opposition, the other should seek to minimize resistance. . . . Whether the first step be long or short is of little consequence. When a start is once made in a right direction, progress is a mere matter of keeping on."—HENRY GEORGE, *Protection or Free Trade*, ch. XXIX.

(1) In the early days of the Henry George movement, the name "Land Nationalization" was sometimes applied to it. There was, for instance, in the 80's of last century, a Land Nationalization League in South Australia, among the founders of which were the late Lewis H. Berens and Ignatius Singer. But the existence in England of a Land Nationalization Society, pledged, under the leadership of Prof. Alfred Russel Wallace, to a policy of buying out the landlords with public money, made this description misleading for the English followers of Henry George. For, as he said at one of his London meetings, there are three possible ways of dealing with the land monopolists. We may "Kick them out; buy them out; or tax them out." The L.N.S. advocated the second method. Mr George's method was the third.

The exposure of the evils of land monopoly by the writers and speakers of the L.N.S. left little to be desired, but the statement of their remedy was an amazing *non sequitur*. Here, for instance, is an official statement which used to appear on the cover of their monthly paper, *Land and Labour* :—

REASONS WHY THE LAND SHOULD BE NATIONALIZED. Because land is the prime necessary of all life, and cannot be made by man,

it is a natural monopoly and its control by private individuals gives them an enormous power over the mass of landless men ; it enriches non-producers at the expense of producers, compels the taxation of industry for public revenue, restricts trade, confiscates and so hinders improvements, throws land out of cultivation and men out of employment, depopulates villages and crowds towns, evicts people and makes land a desert for the " sport " of the idle rich (as in the Highlands), forces wages down, raises rents, and keeps large numbers of people in social and political subservience to the privileged class of land monopolists :

METHOD SUGGESTED : As soon as public opinion is sufficiently ripe, the whole of the land should be transferred to public control and ownership, compensation to the landlords being paid.

Would not one rather have expected, after such a recital of wrongs done by the landlords, a claim for " damages " to be preferred against them?

It would not be worth while to recall their proposals but for the astonishing fact that, at least so far as agricultural land is concerned, the mantle of the L.N.S. seems to have fallen upon many of the leaders and members of the two " Progressive " Parties.¹ There is no need here to examine once more in detail the many schemes of the L.N.S.² for buying out those who have profited by a system which it describes as one of barefaced robbery and constructive murder. The ethical and economic arguments against nationalization by purchase are cogently stated by Henry George.³ It may, however, be well to emphasize the fact that, at any rate in our own country, history lends no support to any such proposal.

William the Norman, in 1066, brought with him what is called the Feudal System. Whenever we speak of land *tenure* we are, consciously or unconsciously, affirming the root principle of that system. For " tenure " is Norman-French for " holding " (Lat., *teneo*, I hold). The overlordship of the land of the country was vested in the Crown, from which, directly or indirectly, all landlords " held " portions of it, not as owners, but as tenants. In other

¹ See *How Labour will Save Agriculture* (Labour Party, March, 1934), p. 12 ; and *The Liberal Way* (National Liberal Federation, 1934) which visualizes " the acquisition of land on a very large scale " (p. 43).

² See FREDK. VERINDER, *Methods of Land Nationalization*.

³ *Progress and Poverty*, Book VII ; and *The Perplexed Philosopher*.

words, it was and is National property.¹ It is quite untrue to say that William *gave* the land to his followers after the Conquest. Rather he leased or loaned to them such of the lands as he did not keep in his own hands to support the royal dignity, and he did so on terms. Some years later, about 1085-86, the *Doomsday Book* was compiled. It was a general Survey of the land of William's England: not so great an area as modern England, for the four northernmost counties were not surveyed, as William's writ did not run there. The object of this great Survey was to determine what lands each landholder held, the terms upon which he held them, and by whom and on what terms they had been held in the time of King Edward the Confessor. Camden described the *Doomsday Book* as “ the tax-book of King William.” Bishop Stubbs² says that “ so long as all the taxation fell on the land, *Doomsday Book* continued to be the rate-book of the Kingdom.” Sir Martin Wright says that its object was “ to discover the quantity of every man's fee, and to fix his homage,” *i.e.*, the services and payments he was bound to render as a tenant—in one word, his *rent*.³

As, in those warlike times, the defence of the realm was regarded as the most important consideration, a large part of the land was held on a predominately military tenure. The Barons were tenants-in-chief (*in capite*)—holding their lands direct from the King. Their holdings were measured, not by acreage, but by Knight's fees. Each estate was deemed sufficient to support a certain number of Knights, who held their lands from the Crown through the Baron as their *mesne*⁴ lord. They did homage to the Baron, as he did to the King, and, in their turn, exacted services or payments or both from the vassals, who held parcels of land under them. Some of these held their lands by virtue of a copy of an entry in the Court Rolls of the Manor, and

¹ Parliament “ gave ” great estates—Blenheim and Strathfieldsaye—to the ancestors of the Dukes of Marlborough and Wellington, as a reward for their victories. But the Dukes still have to do homage to the King, and to present little flags once a year, as a symbol of the Crown's over-lordship.

² *Constitutional History*, I, 654.

³ Fr. *rente* from Low Latin *rendita*=*reddita* from Latin *reddere* [*rendere*] to render.

⁴ Mean, middle, intermediate.

were called "copyholders." The lowest ranks of landholders, performing servile tasks about the Manor, held their plots by "base tenures." A large part of the area of England, then only thinly populated—the waste of the Manors—was common land.

When the King went to war, he called upon the Barons, who called up their Knights to join the army with their followers. There was no standing army in the modern sense, but the slogan of 1914, "Is not this a country worth fighting for?" had some meaning in the days when those who were called upon to defend the country had some legally assured share in the use of it.

But the services which the Barons had to render to the State, as the *rendita* or rent which they paid for the lands they held, were not exclusively military. They could (and did, by licence from the King, and sometimes without it) build castles for the preservation of internal order. They had to maintain the means of communication (roads and bridges), and to administer justice in their manor courts, subject to appeal to the supreme overlord in his *Curia Regis*, the King's Court. To the King they were themselves answerable for the due performance of their feudal duties, *i.e.*, in modern terms, for the payment of their rent—in money or in services—to the State.

In the Record Office and elsewhere an enormous number of ancient records—such as the Hundred Rolls, Black and Red Books of the Exchequer, Scutage Rolls, *Pedes finium*, and *Inquisitiones*,—interesting to the student of landlordism and useful to the experts who trace pedigrees for the old nobility and the *nouveaux riches*, have been preserved and are accessible to students. The oldest of them are in Norman-French, or in the Latin jargon of the mediæval lawyers. Many volumes of them have been translated into English and published by authority. Only a brief reference to some of them is possible in these pages.

As the Crown's tenants-in-chief were not owners of the lands they held, they could not, without licence from the national overlord, sell it to or exchange it with any other person.¹ Any proposal to do so had to be made the subject

¹ For the parallel with the ancient Hebrew Land Laws, see VERINDER, "My Neighbour's Landmark" and *Levit.* XXV, 23.

of an inquest: an *inquisitio ad quod damnum*, that is, an inquiry whether the State would suffer any, and if so what, damage or loss by the change of tenant, or by an enclosure. The person to whom the transfer was proposed to be made might not be capable of rendering military service or of keeping order within his domains, or, for other reasons, he might not be *persona grata* to the King. In such a case, a “ licence to alienate ” would not be issued.

An inquest was also held when a feudal tenant died. Such an *inquisitio post mortem* (inquest after a death) differed from the coroner’s inquest of to-day, in not being concerned so much with the cause of the tenant’s death, not seldom a violent one in those times, as with the Nation’s interest in the land which he had held. The inquiry was as to the amount of land the deceased had held; from whom he held it (*e.g.* from the King or from a Baron or other *mesne* lord; what was its value; who was the next heir, and whether he was of full age and a fit person to take over the tenancy and to fulfil the obligations attaching to it. There was never any certainty that the eldest son would succeed at once, or indeed at all. The Nation’s interest was paramount. If the eldest son was under age, the land was resumed into the hands of the King, and the son became the King’s ward; or, in the case of a Knight, the son became the ward of the Baron under whom his father had held. When the ward became of age, he could, if a suitable person, then sue out his “ livery of seisin ” in the Court of Wards and Liveries, which existed to protect the Nation’s rights in the land. There was naturally a presumption that the eldest son, if of full age and sound in body and mind, would be the fittest person to succeed his father.¹ If the late tenant had left a widow only, or if his heiress was a daughter, these wards, presumably unable to fulfil their military and other duties, could be made to marry some man approved by the King’s Court, in order to assure that the estate should continue to yield its quota to the army. In default of an heir, the land reverted, by escheat, to the Crown.

Certain money payments had also to be made by these

¹ From this presumption grew up the custom of primogeniture, against which Radical reformers of last century so often protested.

feudal tenants, *e.g.*, an "aid," on occasions, to ransom his lord, or to knight his lord's eldest son, or towards a dowry for his lord's eldest daughter; a "relief" on succession to an estate, and, in the case of tenants-*in-capite*, a sort of premium on renewal of a lease, called *primer seisin*, as first-fruits of the income from the estate. One of the earliest acts of the House of Commons, set up in 1295, forbade the King to levy such taxes as the aid called "scutage" (shield money) without the consent of Parliament. Fines were imposed or fees paid on the occasion of the marriage of female wards, of the issue of licences to alienate, etc., etc.

But as man did not, even in the Middle Ages, live by war alone, a good deal of land was granted, or "leased," on plough tenure (*socage*). The duty of the tenant was mainly to cultivate the land and produce food; he was free from military services. So were also the monasteries and clerics to whom land was granted. They paid their rent by public services in such spheres as religion, education and the relief of the poor.

The clearest proof that the Barons, Knights and other landholders were not *landowners* was the constant exercise by the Kings of their right of "resumption,"¹ when, for instance, Barons failed to perform the duties attached to their office, or rebelled against the Crown, or supported the King's enemies. Lands granted by one King, on conditions which took little note of the Nation's interest, were often resumed by later Kings. One famous case is that of the Alien Priorities,² when Henry V, on the petition of Parliament, resumed lands which had been granted to foreign corporations of monks who, by reason of their absenteeism, were unable to perform the duties attached to their holdings, while drawing large revenues from them. Similar resumptions of monastic holdings were made by Henry VIII, who, on the advice of Parliament, resumed the lands of the lesser Monasteries in 1536, and of the greater Monasteries in 1539, resuming "all manors, lordships, granges, lands, tenements, meadows, pastures, woods, tithes, pensions," etc.¹ In 1545, to pay for his wars with France

¹ DAVENANT, *Grants and Resumptions* (1704). SIR MARTIN WRIGHT, *Tenures*, p. 14.

² 2 Henry V, *Rolls of Parliament*, 1414.

and Scotland, he resumed the lands of the colleges. If the reasons given in the Statutes were justified in fact, he was constitutionally doing the right thing. The way in which he afterwards dealt with the resumed lands is, as Kipling would say, “ another story.”

All these, and many other resumptions, took place without any compensation to the dispossessed landholders, and without any suggestion that they were entitled to any compensation. The overlord, as guardian of the National estate, was just taking back a part of it from an undesirable tenant who had failed to keep the covenants in the “ lease ” under which he held it.

The feudal holdings were anciently called “ benefices ” (*beneficia*). The name has survived only in the case of clerical landholders, and, with the name, some at least of the duties attached to all feudal grants of land have also survived. The priest who holds a benefice is thereby under the obligation to provide the Church services, instruct the parishioners in religion and morals, catechize the children, administer the Sacraments, visit the sick, bury the dead, act as registrar of all marriages celebrated in church, and so on. He holds a benefice to which lands are attached, but he does not *own* those lands, any more than he owns the Parish Church, or than the Prime Minister owns No. 10, Downing Street. He cannot sell them without special permission (like the old “ licence to alienate ”), and even then the proceeds belong, not to the parson, but to his office, and must be handed on, in some form or other, to his successor in the benefice, who will be equally bound by the conditions attaching to it.

As might be expected, the feudal tenants of the Crown often resented the “ exactions ” of the King, frequently evaded them and sometimes rebelled against them. When, under the Statute *quo warranto*, Edward I called upon the State’s tenants to show “ upon what warrant ” they held their lands, one of them had the impudence to produce his sword as his title-deed! In King John’s time the Barons obtained certain reliefs for themselves when they forced the King to sign *Magna Carta*, but there is no record that they

¹ Act 31, Henry VIII, c. 13.

passed on any part of the advantages so gained to the subtenants of the Crown, who held under them. At the Restoration they procured an Act of Parliament,¹ abolishing the Court of Wards and Liveries and converting the old military tenures into tenures by free and common socage. It was, to all intents and purposes, a No Rent Manifesto; the State's rent-collecting office was abolished. To make up for the compulsory services and payments thus lost to the Revenue, the King was granted a tax on beer, cider and perry. Home-brewed beer was exempt: the Barons brewed their own beer; the poorer folk bought their taxed drink at the alehouse. The wines drunk by the rich were not taxed. This "excise" became in future generations the fruitful parent of a horde of indirect taxes on the necessities and simple comforts of the common people, their bread, tea, coffee, cocoa, dried fruits, etc. It was part of the price paid for the Restoration of the Stuarts. To it we owe our standing army, paid for by heavy taxation mostly falling upon a landless people.

When William III wanted money for the expenses of his wars,² he procured an Act of Parliament re-imposing some part of the feudal dues in the form of a tax of four shillings in the £ on (among other things) the "full true yearly value of all lands, mines," etc. It was continued for a long period at varying rates in the £, till in 1798 it was made perpetual at the nominal rate of 4s. in the £, on the century-old Valuation, which was very imperfect even when it was first made. Landholders had the option of redeeming the tax by a lump sum payment, and have exercised this right to such an extent that the proceeds of the tax, which would yield an enormous sum if levied on present values, have become negligible. A Conservative Government in 1896 decreed that the nominal pound-rate should not in any case exceed 1s. in the £. In the case of land that has become thickly populated, the old "4s." tax may have become one of a small fraction of a farthing in the £ on current values.

The impoverishment of the common people, due to the increase of their rents and the heavy taxation imposed upon

¹ 12 Charles II.

² The National Debt, entirely due to wars, commenced in his reign,* and amounted in 1697 to about £5,000,000.

them by their defaulting landlords, was further increased by the wholesale enclosure of the once very extensive common lands.¹

The criticisms of the Feudal System by the Victorian Radicals, in the days before Henry George published *Progress and Poverty*, were justified only by the defalcations of the feudal tenants of the State. The root-principle of Feudalism was a just and valuable one, and is still part of our constitutional law. Joshua Williams' statement still stands true: that no man hath in law the absolute ownership of lands; he can only hold an estate in them. In spite of the ignorant writing of some journalists, the *Law of Property Act*, 1922, did not affect the truth of this statement. Section 1 of the Act simply enacts that the only estate in land which shall be capable of subsisting or of being created at law, after the commencement of the Act, "shall consist of an estate in fee simple absolute in possession," and provides (Section 128) for the abolition of copyholds and customary tenures, and (Section 138) for the extinguishment of certain manorial incidents. All land-"owners" are still tenants, holding their lands, mediately or immediately, from the Crown.

It is clear that, since all who now hold land must derive their title directly from the Crown, or indirectly from some predecessor in title who did so, and since "no man can give a better title than he received,"² those who hold the land of our country to-day "stand in the shoes" of landholders who have by legalized fraud withheld from the State the rents due to it, and have caused the people to make up for their defalcations by paying very heavy taxation. "Let no man be relieved or gain an advantage by his own fraud."³ As Herbert Spencer once wrote :—

"Even the law recognizes this principle. An existing holder

¹ See the concluding chapters of MARX's *Capital*, Vol. I ; GILBERT SLATER, *The English Peasantry and the Enclosure of Common Fields* ; J. L. AND BARBARA HAMMOND, *The Village Labourer* ; CLIFFORD, *History of Private Bill Legislation*.

² *Nemo dat quod non habet. Nemo potest plus juris ad alium transferre quam ipse habet.* WHARTON, *Law Lexicon* (9th edition, 1892, pp. 503, 504).

³ *Nemo ex dolo suo proprio relevetur, aut auxilium capiat.* BROOM, *Legal Maxims*.

must, if called upon, substantiate the claims of those from whom he purchased or inherited his property ; and any flaw in the original parchment, even though the property should have had a score intermediate owners, quashes his right." . . . "How long does it take for what was originally a *wrong* to grow into a *right* ? At what rate per annum do invalid claims become valid ?" *Social Statics* (1851), ch. IX.

If there is to be any "compensation," when the people reassert their constitutional rights in the land on which they live, a strong case could be made out for making the landlords pay compensation to "a people robbed and spoiled" (*Isaiah* xlii, 22). Even the late Joseph Hyder, Secretary of the Land Nationalization Society, wrote in his *Case for Land Nationalization* (p. 46) :—

"Land was here before man himself was, and the first man who called it his own property set up a claim which could have no warrant, and which no lapse of time can ever make good."

The landlords have shown us how we can win back our just rights in our National heritage, of which, step by step, we have been deprived. First, by making a New Doomsday Book, in which the value of our National Estate shall be set out in detail; then, by taxation and rating on the land values thus ascertained, increasing the tax as quickly as an enlightened public opinion approves, till the full economic rent is reaching the National and Local Exchequer, we can make the people of England themselves in fact, as they still are in theory, the landlords of England. The final result will be a system of land tenure under which the users of land will hold it from the Crown on what will be virtually perpetual leases, subject to a rent which is periodically revisable. The land will have been "nationalized" by nationalizing the tax which is now levied by the landlords, for their own benefit, on the homes, industry, enterprise and thrift of their fellow-citizens. The rent of the people's national estate will be applied to pay the costs of national and local government, and the existing taxes and rates will no longer be levied.

But, it may be said, that will mean "confiscation." We do not shrink from the charge. To confiscate is to put into the *fiscus*, the public purse. What other rightful place is there for values which the public have created? The State is now "confiscating" over £700,000,000 a year, mainly

from the products, earnings and savings of its citizens, because it does not collect its own natural income from the land which its citizens make valuable.

It has been amazingly said that the gigantic financial operation involved in buying out the landlords need not appal us, for “ no money would pass! ” We should simply give the landlords “ land bonds.” The only parallel to this is the financial wisdom of Wilkins Micawber, who paid a debt with an I.O.U., and said “ Thank God, that’s settled ! ” Some £10,000,000,000 or more would be added to the National Debt. We should have to pay interest instead of rent, and, someday, if we ever could, to redeem the bonds. Even if the rent of the land covered the interest on the bonds, we should still owe the thousands of millions. If the transaction takes place without a previous valuation and without taxation of land values, the land will be bought at its monopolistic and speculative value, due to the landlord’s unjust exemption from taxation,¹ which, as some Land Nationalizers have seen, can only be reduced by land value taxation. If, by some calamity, we are to be driven to land purchase, even so there would be a clamant need for a preliminary tax, to squeeze the water out of speculative values. But if the process of taxing land values is carried to its logical conclusion, there will be nothing to buy.

When this country took a great step towards political freedom, a century ago, by abolishing the pocket boroughs, there was no talk of compensation. Yet the right of private persons to send their personal representatives to the People’s House was a recognized form of heritable private property, which frequently changed hands for very large sums. As soon as it became recognized that there could be no *moral* right to such “ property,” public opinion made short work of it. We are now struggling towards economic freedom by the restoration of the land rights of which the people have been robbed by a long succession of Parliaments dominated by landlords and their lawyers, agents and nominees. People could conceivably live without votes; in many

¹ The purchase of the London Water Companies should serve as a warning. The price paid was at least twice as much as their legal monopoly was worth, and Londoners are still paying it in the price of their water.

primitive communities they do. But no one can live without land. "You take my life when you do take the means whereby I live."

When Britain paid compensation (£20,000,000) to the slave-"owners" in the British Colonies (1833), in order to secure the liberation of their chattel slaves, the position of the American "owners" of their fellow-men was strengthened, and it cost a civil war to compel the Southerners to release their human "property"—without compensation. He who owns the land practically owns the people who live on and from it. Why compensate *any* kind of slave-holder?

When Mr W. E. Gladstone introduced his Irish Land Purchase Bill, the English Land Restoration League (now The English League for the Taxation of Land Values) offered the most uncompromising opposition. Both countries have suffered ever since from the consequences of the buying out of Irish landlords, and, even at the time of this writing, the relations between England and her sister Isle are embittered over the question of the Land Annuities which the Irish people, wronged for centuries by an alien landlordism, naturally feel to be unjust.¹

The object of the land nationalists in "freeing" the land from the domination of the landlord by making the people pay interest on the capital land value of the country (inflated by land speculation) is to take a short cut to the control and management of the land by the Governmental Bureau. Experience shows that this would be adding one very bad bargain to another. In a pamphlet published in 1918, the present writer quoted some amazing instances of the folly and waste of Government Departments in dealing with land during the Great War, as revealed by the Select Committee on National Expenditure,² and came to the conclusion that the use of land can be controlled, without subjecting the users to the ineffective and mischievous interference of the Bureaucracy, by a truly democratic

¹ On landlordism in Ireland see HENRY GEORGE, *The [Irish] Land Question*.

² "*Special Report*" and "*Reports*," 1917 (Nos. 125, 151, 167, 188). Several *Reports* in 1918 (Nos. 23, 30, 59, 80, 92, etc.); VERINDER, *Methods of Land Nationalization*, pp. 12-15.

method which enlists the common sense and common knowledge of the would-be land-users for the solution of a problem which no Government Department, however well-meaning, could be trusted to deal with satisfactorily. As was written in the pamphlet just referred to :—

“ All that is necessary, in the first instance, is to tax and rate all land on its true market value, as nearly as that can be ascertained. It will then be unprofitable to keep land out of use, or to put it to any use which is markedly inferior to its best known use. ‘ Weak ’ holders of unused lands will yield to the pressure of the tax at once, because they must. But even ‘ strong ’ holders will yield also, because it is not good business to pay taxation on a high valuation, when the land is producing little or nothing. Holders of unused or underused lands will either put them to use or seek users in the open market. Those who know best how to use the land for the purpose, whatever it is, for which the land is most suitable, will offer the highest rent or price. As they will be risking their own labour and money, and not merely spending public funds, they will act under a sense of responsibility such as appears to have been conspicuously lacking in the make-up of the Government officials whose proceedings we (and Mr. Hyder) have so often criticized. The skill of the farmer, the special knowledge of the builder, or of the mining expert, prepared to back their judgment by the expenditure of their own labour and money, will come into play in the interest of the most productive use of land. It will cost the nation nothing. A mistake here and there will not entail the scandalous misuse of public funds which attended the mistakes of the officials who chose a hopelessly unsuitable site for a Flying School at Loch Doon, or who have squandered huge sums of money in buying out landlords at exorbitant prices for Naval Bases (Rosyth), Manœuvring Grounds (Netheravon), Artillery Ranges (Maplin Sands), waterworks, housing schemes, and many other national and municipal purposes.¹ In the freer market for land, which would be set up, as soon as land values were taxed and rated, people advancing their own money would not make that kind of mistake.”

Even the immensely wealthy Hudson Bay Company, chartered by Charles II in 1670, could not stand up to a small tax on land values. In 1910, the Company held over 4,000,000 acres of land. They sold town lots to the value of £904,000, and still held over 3 million acres in 1919-20, including town sites, assessed at about £2,000,000. Sir Robert Kindersley said, at the Annual Meeting in London, on July 30th, 1920 :—

“ Taxation on our lands is heavy, very heavy . . . on farming lands it amounted this year to £189,825. Town lots are simply

¹ See HYDER, *Case for Land Nationalization*, pp. 92-113.

a burden, and a big one, on our resources ; as the taxes on them amounted to £65,381, while the cash receipts were only £22,428. . . . The development of our own land ourselves is a new departure on the part of your Company, but your directors are convinced that it is a practice to which we shall have to resort increasingly in the future. . . . Your directors are now considering how this development can best be carried out on a large scale. . . . Energetic efforts are being made to dispose of town site holdings at reasonable prices. New organization has been provided to this end. Town site taxes will be somewhat heavier.”¹

¹ *Land & Liberty*, September, 1920 (p. 476).

CHAPTER VIII

DISEMPLOYMENT

"Why stand ye here all the day idle? . . . Go ye also into the vineyard."—ST. MATTHEW, XX, 6, 7.

"Unemployment is more than a misfortune for those who are overtaken by it; it is a curse. . . . [It] is both an affront and a corrosive poison to his personality. And for the infliction of that insult and injury we are all guilty so far as we acquiesce in an ordering of life which has this consequence."—THE ARCHBISHOP OF YORK, *The Church and the Workless*.

UNEMPLOYMENT, in varying degrees of severity, was a usual experience in the years before the Great War. Since the conclusion of the Treaty of Versailles, the social plague of involuntary unemployment has raged with unprecedented violence. Most politicians now seem to regard it as an incurable social disease. Insurances, "doles," "bread lines," soup kitchens, public assistance (a new name for poor law relief) may and do somewhat mitigate the sufferings of the workless and their dependants; they at least save them from absolute starvation; but they are not a cure for unemployment, and, by alleviating some of its effects, they serve to distract attention from its cause. Tariffs, once belauded as a sure means of finding "work for all," have, as has already been shown, merely aggravated the trouble. Social centres for recreation may help to keep the out-of-work folk from brooding too much on their plight, and training in reconditioning centres (described by one of the Ministry as "concentration camps") provide some of them with useful distraction, and prevent them from becoming unemployable; but these efforts promise no solution of the problem of getting millions of unemployed back to work again. A suggestion, recently revived, that women should be excluded from the labour market in order to give the men a better chance of finding work would merely send a large number of women to join the queues at the Labour Exchanges, and would

scarcely affect the total number of unemployed.¹ Meanwhile, the presence among us of millions of citizens whose resources have been reduced to a mere pittance, means such a reduction in the effective demand for staple commodities, as, coupled with the heavy fiscal burdens on industry entailed by a virtually bankrupt Insurance scheme, and by the Tariffs, threatens the continuance, if not even the increase, of unemployment in the manufacturing and distributing trades. The evil effects of continued unemployment in breaking down the morale of the workless, and in sapping the vitality of their underfed wives and children, cannot be reduced to statistics. The Committee against Malnutrition states that the death-rate from tuberculosis in Merthyr Tydfil has increased by 40 per cent in three years.

So, to the "gloomy Dean," late of St. Paul's, it seems almost certain that we shall be unable to find food or work for our present population!² If this Malthusian dignitary can spare time from his study of Plotinus to read a 17th century pioneer of political economy, he may become less pessimistic about the future of a country of which at present he seems to despair. "There need be no beggars in countries where

¹ The figures issued periodically by the Government do not tell the whole truth about the extent of unemployment. To the number of *registered* unemployed must be added a large number of those whose claim to benefit has expired, and who, with their savings and the resources of the pawnshop long ago exhausted, now swell the statistics of poor law relief; whole classes, such as agricultural labourers, domestic servants, share fishermen, children (estimated at 200,000 or so) who have left school but are still under 18 years of age, and the "black-coated workers" (estimated roughly by Lord Elton in the *News Chronicle* at 300,000) do not come within the Insurance scheme. It has been officially stated (House of Commons, April 9th, 1934) that the total number of working days lost by the *registered* unemployed in 1933 was 760,000,000. The total number of unemployed in this country is probably not far short of the population of Denmark. A terrible picture of the results of long continued unemployment in the County of Durham is shown in an illustrated pamphlet, *Places Without a Future*, reprinted from the *Times* of March 20th, 21st, 22nd, 1934. Conditions in the South Wales coalfields are at least as bad. See also ANDREW MACLAREN, *The Truth about the Depressed Areas* (English League for the Taxation of Land Values, March, 1935.)

² DEAN INGE, *England*; new edition, January, 1934. On the Malthusian theory, see HENRY GEORGE, *Progress and Poverty*, Book II.

there are so many acres of unimproved improvable land.”¹

The failure of modern governments and political parties to deal effectively with the problem of unemployment is due to the fact that they doctor the symptoms of the social disease, instead of seeking and extirpating its root. Some of their remedies actually make things worse.

One supposed “remedy” for unemployment, which finds enthusiastic advocates in all the political parties, and in the United States and France as well as in Britain, calls for examination. On the surface, it is very attractive. Let us take in hand great and useful public works, they say, and so find work for the unemployed. New roads, new bridges, new town halls, new “Lidos,” and so forth!

A new Thames bridge was proposed at Charing Cross, London. It was to cost £16,865,000. Mr Andrew MacLaren, M.P. for Burslem, on a Select Committee of the House of Commons, elicited the fact that no less than £11,122,000 of the estimated cost was to go in purchase of land, easements and permanent rights. If the scheme had been carried out, only a little more than one-third of the total cost would have to cover the provision of labour and materials. Nearly £17,000,000 would have been added to tax and rate burdens, and the one certain result would be that the holders of land, in the neighbourhood of the bridge and its approaches, would receive a huge “unearned increment.”² Under another scheme, for the improvement of the congested traffic centre at the “Elephant and Castle,” South London, the local landlords were to get £1,458,000, in order that £512,000 might be spent on works, including work for the unemployed.³

“During the past 12 years the Middlesex County Council has spent £5,000,000 on buying land and making arterial roads, and increased the value of adjoining land by not less than £15,000,000, enabling owners to charge the very

¹ SIR WILLIAM PETTY: quoted by W. R. LESTER, M.A., in *Unemployment and the Land*, p. 12. The “beggars” of his time were mostly unemployed folk tramping in search of work, whose poverty was treated as a crime to be visited by severe punishment.

² *Land & Liberty*, July, 1930, p. 136.

³ *Ibid.* January, 1931, p. 2, quoting Mr Herbert Morrison, M.P., Minister of Transport.

people who made these millions for using their own creation."¹

A Liberal M.P. estimated that of the £10,000,000 recently spent on public works in Wales, half had gone to the landlords.² The Finance and General Purposes Committee of the Liverpool City Council reported on 36 schemes for the relief of unemployment in that City, estimated to cost £1,312,551 and to employ 162 men. "It would appear that it is costing Liverpool more than £8,000 to place one man in [temporary] employment. This, of course, does not account for the indirect employment these works provide."³ Mr Hannen Swaffer is enthusiastic about the progress of Blackpool under the "Municipal Socialism" which has supplied the town with a promenade over six miles in length, at a cost of £1,500,000, with a municipal aerodrome, a great park, a large rose garden, golf links, bowling greens, and tennis courts, as additions to its attractions for holiday visitors. But he also tells us that "land bought in 1924 at £40 an acre is now worth £200," and that "a building plot near the park now costs £600."⁴ A recent official circular states that "there is a large reserve of labour available," i.e., a large number of unemployed.

Clearly, expenditure upon public works affords no permanent solution for unemployment. At a cost out of all proportion to the results, it provides temporary work in some trades for a limited number of unemployed, with the inevitable result of an increase of rent, rates and taxes, which creates new unemployment in other trades.

We are in search of some method of placing every citizen, who is willing to work for his living, within reach of employment at useful, productive work, such as a self-respecting man may do, feeling that he is not only earning his livelihood, but is also doing something to add to the common wealth. Under modern conditions, there is a bewildering

¹ H. G. CHANCELLOR, "The Only Way Out of Unemployment" (1934), p. 8. See also Councillor BOGGON's Speech at Middlesex C.C., reported in *Land & Liberty*, January, 1930, p. 14.

² HANNEN SWAFFER, in the *Daily Herald*, August 11th, 1933. Mr Swaffer added that the logical remedy, of course, is land reform on the Henry George pattern.

³ GEOFFREY MURRAY in the *Times*, April 4th, 1932.

⁴ *Daily Herald*, June 9th, 1934.

variety of possible jobs, the names of many of which are known only in certain trades or localities, or to the students of technical dictionaries. But they all fall under three main headings.

(1) The first, and economically the most important, are the *primary* or *extractive industries*. The cultivator of land produces (draws forth, extracts) from land many kinds of food for man and beast (cereals, grasses, roots, tubers, pulses, vegetables, sugar cane or beet, fruits, nuts, etc.) or grows rice, cotton or flax, or taps tropical trees for rubber, or breeds and feeds stock for the production of meat, milk, butter, cheese, eggs, hides, horn, wool, hair, bristles, feathers, etc. From land the miner extracts coal, peat, iron ore, copper, lead, spelter and other useful metals, building stone, brick-clay, chalk, flint, gravel, sand, fire-clay, china-clay, salt, potash and other chemicals, mineral oils, etc. The hunter traps wild animals for their flesh, furs, feathers, ivory and so on. The fishermen, from land covered with water, draws forth fish for food, and incidentally provides seal-skin, whale oil, spermaceti, medicinal oil from the livers of cod or halibut, whale-bone. Upon the land, the lumberman cuts down timber for the use of the builder, cabinet maker, miner (pit props, etc.), paper-maker, charcoal burner, and many other tradesmen. It is clear at a glance that the raw materials of our foods, clothes, houses, furnishings, books, newspapers all come from land, and that the raw materials for all our manufacturing industries come from the same source.

(2) So the *secondary* or *manufacturing industries* depend for their raw material upon the primary industries, which, in their turn, depend absolutely on access to land, *e.g.*, the farmer supplies the raw material (wheat) upon which the miller, the baker, the manufacturers of a great variety of prepared cereal foods exert their labour. The miner supplies the coal and iron-ore which are the raw material of a large number of industries which may work them up into anything from steel girders or big guns to watch-springs or needles. The building, furnishing and clothing trades are equally dependent upon land products for the materials they work up.

(3) Dependent upon and co-operating with the other two classes of workers are the *distributive* or *carrying industries*, viz., transport and "shopkeeping," wholesale and retail. They provide for the carrying of the raw material from the farm or mine to the factory or mill, from the factory to the shop, from the shop to the consumer. The carter who takes the grist to the mill, the railway servant or motor-man who carries the sacks of flour from the mill to the baker, the man or boy who delivers the bread to the customer are all dependent upon labour that has previously been applied to land.

The "black-coated" workers, no less than the manual labourers, owe their employment to the activities of the primary land-users. If, for instance, building materials are scarce and dear, the architect and the quantity-surveyor and many other black-coated workers, as well as the bricklayer and the carpenter, are likely to find times bad. When ships are carrying full cargoes of the products of industry, the officers and the sailors of the ships and the labourers at the docks find employment good, and the clerks who make out the charter-parties and bills of lading are busy also.

Moreover, the secondary and distributive industries themselves require direct access to land for the sites of their factories, mills, warehouses, offices, railways, goods yards, engine sheds, receiving offices, garages, canals, harbours, docks, and what not.

If the landlords of a country could refuse to industry all access to land, all industry would come to a standstill. Even if such access is partly denied, terrible consequences may and do follow. So long as landholders are free from taxation while they hold land idle; so long as every good use of land for productive or distributive purposes involves the imposing of new burdens of rating and taxation upon the users and their products, so long will these consequences inevitably follow.

Let us consider in detail an actual instance.

In 1926, about a million miners were shut out from their normal employment of extracting from the bowels of the earth the coal, upon which our domestic comfort so much depends, and the iron-ore which, with the coal, is the life-blood of a multitude of industries. Their work was to win

the coal in places where they often had to crawl on hands and knees to their work, to spend seven hours in stifling heat and dirt and semi-darkness, in danger of life and limb all the time, liable to special industrial diseases, such as *silicosis* and *nystagmus*. A full week's work in the Staffordshire district brought 45s. in wages, subject to deductions (for explosives, tools, etc.) often amounting to a quarter of the full wage; but very few of them got more than five days' work a week; many only four; and many colliers with families had less than 30s. a week to live on. Most of them were in debt.¹ The sympathy of their fellow-countrymen with them in their struggle against the worsening of conditions, already too grievous to be borne, by an increase of hours and a decrease of pay, was all but universal.

The spectacle of a million unemployed men in the mining villages was tragic enough in itself. But it was only the opening scene in a far greater tragedy of unemployment, which unfolded itself day by day as the direct and indirect consequences of the mining stoppage made themselves manifest.

As might be expected, the effect upon the manufacturing industries, which depend upon large supplies of coal, or of coal and iron, was rapid and disastrous. Blast-furnaces, iron-foundries, coke-ovens, rolling-mills, engineering works, boiler-makers, shipbuilding yards, tin-plate, hardware, cutlery and other metal works, brickmaking and cement industries, cotton and hosiery mills, etc., etc., closed down or were at best worked on short time. In the face of an enormous demand for rubber, the workers in the industry were reduced to half-time. Gas and electricity supplies were threatened. Coal for domestic use was drastically rationed, and the public was warned to be careful in the use of gas and electric light. The transport industries necessarily suffered also. Coal was no longer available for export to other countries, in exchange for their products. The shipping industry suffered, as well as the industries specially engaged in the manufacture of goods for export. Train services, both for passengers and goods, had to be cut down, and railway

¹ Letter of Rev. JAMES V. WILSON, Sneyd Vicarage, Burslem, in *Church Times*, June 11th, 1926.

workers could only be guaranteed half a week's work each. On the 26th day of the stoppage, the *Times* correspondent in the Northumbrian coal-field wrote :—

The gradual exhaustion of the home supplies of coal is having a paralyzing effect on other branches of industry. The Tyne is practically deserted by shipping, with the result that teamers, trimmers, staith-men,¹ tugmen, pilots, quayside labourers, stevedores and a hundred-and-one varieties of odd job men have joined the ranks of the unemployed.

Building operations were held up, because of the difficulties of manufacturing and transporting the heavy materials which they require.

In these, and in many other ways, the spending power of the enormous number of workers within and outside the mining industry, and consequently the demand for the common necessities of life, was greatly reduced. Shopkeepers, who could not sell to their impoverished customers, could not buy from wholesalers and manufacturers, and there was less work for those who normally supplied their stocks, and less work for those whose business it was to make, warehouse, pack and distribute the goods. For instance, it was announced that the boot trade at Northampton was receiving few orders, and that the Shoe Operatives' Union was paying out double the amount of unemployment benefit that had been paid in the corresponding period of the previous year. A Co-operative Society in the Midlands, which had a large proportion of railwaymen among its members, reported a falling-off of £750 in its weekly sales. A watch-repairing firm in Clerkenwell, which drew most of its work from Northumberland and Durham, was practically out of work soon after the pits closed down. The miners, being unemployed through a trade dispute, were not entitled to claim the dole, but some of the effects of the stoppage on other trades were promptly seen in the addition of thousands of men to the live registers at the Labour Exchanges. Meanwhile, many of the miners, unable to live on their scanty dispute-pay, were obliged to appeal for Poor Law relief, and new burdens were cast upon the taxpayer and ratepayer by the multifarious troubles

¹ Staith : a provincial term for a wharf or landing-stage, especially a staging laid with rails from which coal wagons may discharge their loads into vessels.

arising directly and indirectly out of the closing of the pits.

Most people regarded this tragedy as due to a trade dispute between employers and employed, mainly important because it occurred in a "Key" industry and on a large scale. Whatever else it was, it was a dramatic illustration of the economics of unemployment, the moral of which is so clear that it is difficult to understand how anyone could fail to see it. The trouble which, in one way or another, affected the well-being of every member of the community, had its roots in the Land Question. Labour had been denied access, on terms which it was possible to accept, to certain areas of land in which natural deposits of coal, ironstone and limestone were lying, ready for man's use, and the inevitable consequence was DISemployment, partial or complete, not only in the coalfields, but also in the many industries which depend on supplies of coal and iron and in a large number of subsidiary and related industries.¹

The trouble was discussed in a wordy warfare between the Miners' Federation and the Federation of Mine Owners, in terms of wages and hours and conditions of labour, complicated with questions of "reorganization of the industry," "uneconomic mines," government subsidies, and the like. The one question that was fundamental to the understanding, and therefore to the settlement, of an urgent national problem was discussed least of all.

Some of the land in Britain belongs to the State or to Municipalities; but by far the greater part of it is held by private persons or associations. In effect, the person who "owns" land, owns everything on it or under it "up to heaven *et usque ad inferos*." Most of the coal, iron-ore and other minerals is, therefore, under private "ownership" and control. It can only be worked by the "owner" of the land, or with his permission and on his terms. He certainly did not put the coal where it is; it merely happens to be under "his" land. He frequently, or indeed usually,

¹ The Miners' Federation estimate the cost of the 1926 stoppage to the country at £303,000,000, without taking into account many of the facts recorded above.—*The Position of the Coal Mines; The Facts* (1933), p. 25.

does not even know that it is there till some geologist tells him. It is then open to him either to mine the coal himself, which he sometimes does; or to lease or sell the land to a Mining Company (who then become the "coal owners" or "mine owners"), which is much more usual; or to let the coal lie where it is. In a country which depends so much on an abundant supply of cheap coal, it is of the highest social importance whether he does one or other of these things.

Suppose that he grants a mining lease. The lessee will require the use of a fairly large area of surface land for buildings, machinery, storage and spoil heaps, and for other purposes, probably including sites for miners' cottages. It may be, as we have all seen in the case of the recent development of the Kentish coal-field, agricultural land; but, as soon as it is needed for mining purposes, it is charged with a rent which is by no means agricultural. The lessee must sink a shaft in order to get down to the coal; the landlord exacts a rent for the shaft ("dead rent"). The lessee usually has to covenant to make good or to compensate for any surface damage¹ due to the working of the coal.

When, after a heavy expenditure of money and labour, the coal is reached, the lessee must pay a "royalty" of so much a ton on all the coal that is brought to the surface. It is usually necessary, in order to get the coal to the nearest railway or port, to carry it across land belonging to more than one landlord. For this accommodation "way-leave" must be paid.² As Nature, in turning prehistoric forests

¹ How serious such damage can be is shown by the investigations of the subsidences in the Quarry Bank district (Staffs) carried out by the English League (*Red Van Report*, 1897) in Lord Dudley's coal field.

² It was stated, some years ago, that Lord Tredegar, besides receiving £74,000 in royalties, was drawing £17,000 a year in way-leaves for the coal carried over the mile of railway which crosses his park ("Lord Tredegar's Golden Mile"). On April 16th, 1934, before the Railway and Canal Commission, the owners of the Chopwell and Garsfield Collieries (the Consett Iron Company), employing thousands of men, applied for and obtained relief from what Justice McKinnon called the "arbitrary price" imposed by their lease for a way-leave for their coal railway over certain land which they had to cross in order to get their coal to the Tyne shipping-places and to the L. & N.E. Railway. See also the

into coal-beds, took no account of the coming of landlordism, these strata often lie under more than one estate. This either gives occasion for more rent and royalties and wayleaves, and perhaps air-leaves and water-leaves, or it results in the mining company being compelled to leave unworked large quantities of valuable coal, within reach of its pits and workings and machinery.¹

The miner's chance of getting any work at all therefore depends, in the first instance, upon the will or whim of the "owner" of the surface, and is subject to his exactions, in return for which the landlord renders no service, except the negative one of not refusing access to Nature's mineral gifts to those who are willing to expend money and labour in making them available for the use of man. The landlord's "fixed" or "dead" rent goes on, even when the mine is not working at a profit, or not working at all. He risks neither money nor comfort nor limb nor life, while the exploiter of the mine has to find the large capital required for the sinking of the shaft and the provision of the plant, to take his risk of making a profit, and to make himself responsible for any damage done to the surface due to his workings; and the miner has to give his strenuous labour at the coal-face, under conditions of extreme discomfort and danger to health and life. The Miners' Federation states²

references in the *Reports on the Depressed Areas* (November, 1934) to the burden of royalties on the mining industry, quoted in *Land & Liberty*, December, 1934.

¹ Sir Richard Redmayne, H.M. Chief Inspector of Mines, in his evidence before the Coal Industry Commission, 1919, made some remarkable statements as to the ways in which landlords thus insist on the wasting of our coal resources, even when coal-fields are being worked. On this ground, Lord Gainsford, President of the Coal Industry Society, has suggested the nationalization of royalties. Captain Euan Wallace, a Conservative M.P. and member of the Government, emphasizes the serious difficulties caused in the Durham coal-field by "the multiplicity of ownership of royalties and the lack of real community of interests between the owners of royalties and the lessees of the mining rights," which stand in the way of mining valuable coal, now submerged or threatened with submergence, in "one of the worst areas as regards unemployment" (*Report on Depressed Areas*). Some interesting facts about royalties are given in *Land & Liberty*, May, 1934.

² *The Position of the Miner ; The Facts* (February, 1933), p. 23.

that, in the five years ending December, 1931, 5,065 persons were killed in the industry and 818,890 were injured ; and that, in 1932, one in every five persons employed underground was injured.

The only hope for the solution of the difficulties of this primary industry lies in concentrating attention on the exactions of the land monopolist. To attempt to "re-organize the industry" on its present basis would be to court failure; we cannot rebuild an edifice on such a bad foundation. The suggestion made by more than one Royal Commission that the royalty owners should be bought out at the cost of public funds is monstrously unjust, for it would be difficult to find any incident of landlordism less capable of defence than this imposition of a private tax on a prime necessary of national life which is so obviously a gift of Nature to the human race. Yet the Royal Commission sees that the "private ownership of this great natural resource is open to great objection" and that "it would have been very fortunate for the country if, three and a half centuries ago, when the judges decided that the minerals, other than gold and silver, belonged to the surface owner, the legislature had reversed that decision, and reserved the coal to the State."

The very serious troubles in the coal fields, which have been brought about by this legal decision, may have been one of the reasons why the "National Government," on April 19th, 1934, carried, in the House of Lords, the second reading of their *Petroleum (Production) Bill*, 1934, "to vest in the Crown the property in petroleum and natural gas within Great Britain," and for other related purposes. Ironically enough, the task of introducing it was entrusted to Lord Londonderry, "owner" of 5,808 acres of coal lands in the distressful County of Durham, and a stout defender of his coal-land monopoly which yielded him in royalties, during 1913-18, an average income of £14,684. It is evident in his lordship's speech that he and the Government, for which he was speaking, were introducing the Bill very reluctantly. But, he said,

"he had come to the very definite conclusion that, in this connection, [the rights of property] which might be said to exist over royalties, must give way to the interests of the country in securing

and ensuring the exploitation of a commodity on which so much of the national well-being depended, from the commercial standpoint as well as from the point of view of national defence." [N.B.—Lord Londonderry was Minister of State for Air.]

Apparently uneasy at the thought that this argument applied equally to coal, he added that the Bill—

"would prevent a development of an additional vested interest, such as those which had been *quite properly* (!) developed in connection with the coal and other mineral industries."

The rejection of the Bill was moved by Lord Dynevor (8,720 acres of coal land, from which his royalties, in 1916-18, averaged £9,321 a year). The Bill received the Royal Assent on July 12th, 1934.¹

The mining royalties are a private levy on coal production. It is pertinent to ask by what distortion of our language a word which means "a right or prerogative of the sovereign" has come to mean "a share of profits paid to a land-owner for the right to work a mine" (Cassell's *New English Dictionary*). The talk about "nationalizing" this private tax almost invariably implies the buying-out of the landlord's "rights" at the cost of the taxpayers, and this proposal is open to all the objections that have been urged against what is called "Land Nationalization." If royalties are still to be paid, they should be paid to the Sovereign, *i.e.*, to the State, as a recompense for the abstraction for private use of part of the mineral wealth of the nation. But, far better, they should be abolished, and substituted by a tax on the "ownership" of our mineral resources. Some of the Miners' greatest leaders—Frank Hodges, Herbert Smith and the late Robert Smillie—have protested against the payment of any compensation when the Nation resumes its just rights in the natural resources of its coal-beds.²

The ownership and exploitation of coal and iron ore, and indeed of all minerals, are a matter of universal interest. Mention has already been made of many groups of

¹ Three licences to bore for petroleum (two in Sussex and one in Derbyshire) had already been granted under the *Petroleum Production Act*, 1918; and these are exempted from the operation of the new Act.

² Royal Commission on the Coal Industry, 1919. See *Land & Liberty*, June, 1919, and May, 1934, p. 59

industries to which coal is essential. The list might easily be extended. Coal, electricity (generated by use of coal), gas and oils (which can be distilled from coal) are the motive power of our railways, tramways, shipping and machinery. Dear coal means higher fares for passengers and goods. The process of distilling gas from coal, for lighting, heating, cooking and power, yields coke, and certain other by-products, formerly regarded as waste. One of them is coal-tar. It is used in the raw state for many purposes, *e.g.*, road-making; and it yields, under chemical treatment, dyes, drugs, disinfectants, naphthaline, creosote, ammonia, bakelite, fertilisers, saccharine, explosives (including the deadly T.N.T.) and a multitude of other chemical products, thus connecting the work of the miner, through the chemical laboratory, with the dyeing and textile trades, the sanitary services and the hospitals, agriculture, the War Office, etc., etc. New methods of distillation, now being tried out, promise to give us, as coal products, fuel oil (heavy and light), lubricating oil, motor spirit, smokeless fuel to cure the fog nuisance, and so on. Pulverized coal, with or without an admixture of oil, is already, in some cases, taking the place of oil, as a cheaper fuel for getting up steam. Given a fair chance, those who procure and handle coal might well emulate the feats of the Chicago pork-packers, who boasted that they utilized every part of the pig—except the squeak.

New avenues of productive employment would be opened to many who are now drawing the "dole." No doubt this can and will be attempted. But the most certain result of doing it, as of all industrial progress, would be, under our present land and taxation system, to increase the demands of the landlord and of the collector of taxes and rates. For such enterprises can only be carried out on land, and the necessary buildings would be subject to heavy rates.

It is generally recognized that some of the existing mines are "uneconomic": the coal to be got from them costs more than it will bring. So long as the leases last, even if the mines are not worked, the landlord can claim his "dead rent." The mine-owners, working at a loss, clamour for subsidies, or seek to reduce their wages bill. Is there

any real need to keep these mines going, either by reducing the miners' wages or at the cost of the taxpayers? Are we so short of available coal that we must, as it were, sweep up the last shovelful of coal-dust from our national coal-cellar? The Royal Commission on Coal Supplies¹ estimated the known available coal resources in our country, including only the coal, in proved coal-fields, which lies within 4,000 feet of the surface, at 100,914,668,167 tons, and this estimate is constantly being increased by discoveries due to new borings, sinkings and workings, and more accurate knowledge of the coal seams. Professor Jevons estimated that, at the end of 1925, no less than 194,355,000,000 tons of coal were still lying, workable but unworked, within reach of our present mining methods.² But many of the landlords under whose estates the coal lies will either not grant a lease at all or will only lease on unreasonable and extortionate conditions.

The owners of these valuable lands pay no rates or taxes in respect of the "ungotten minerals" that lie beneath them so long as they neglect to mine them or refuse to let others do so.

In face of the facts stated above, it is plain that import duties, or embargoes on foreign coal, quotas, reorganization of the industry and the like, do not go to the root of the troubles which caused the great mining stoppage and still continue to cripple the industry. Land monopoly is the principal trouble. Enormous deposits of coal are withheld from the labour of the miner. What would be the effect upon his economic position, and upon the welfare of the industries that depend upon coal and metals, if all our untapped mineral resources were taxed and rated on their value? This would be but to take a leaf out of the landlord's own book. For the "dead rent" which he imposes, when he does lease his mineral lands, is based upon what the mining of these ought to yield if properly worked, and is designed to act as a spur to get as much coal (and to pay as much royalty) as possible. The dead rent, which must be paid whether the mine is worked or not, ensures that

¹ 1903-5. *Final Report* (Cd. 2353).

² There seems to be reason to believe that practically the whole of Lincolnshire stands on a coal-field.

the landlord shall not suffer in his income by the failure of the mine-owner to exploit the mine properly. The taxation and rating of land values, falling upon the value of the mineral land, whether it is put to its best use or not, would ensure that the nation shall not suffer in its economic life through the landlord preventing the coal from being mined at all.

The relief of *all* improvements (industrial, commercial and domestic buildings, etc.) from all taxes and rates, and the concurrent application of the "dead rent" principle to the actual values of *all* land (mineral, agricultural, building, quarrying, etc.), would multiply the number of useful productive jobs indefinitely, not only in the primary industries, but also in the manufacturing and distributive industries which derive from them; and, incidentally, a home market would be provided for all the food, coal, etc., that would be produced under the spur of land value taxation.

As all jobs of useful productive work depend, in the short or long run, upon access to land, the one hope of diminishing and finally abolishing DISemployment lies in making better use of the land now in use, and in bringing into use the very large area of land that is now withheld from productive use. So long as unemployment on a large scale continues, there is little or no hope of permanently raising the wages of those who are in work, for the Trade Unions are helpless while there is a crowd of workless people outside the factory gate: people who must get work, or slowly starve, in body and mind, on the meagre doles of the Labour Exchange or the Public Assistance Committee administering the Means Test, and the "hope deferred that maketh the heart sick." With less unemployment and higher wages, the increased demand for goods will ensure better trade all round. The reduction of taxation on industry and its products will both lower the cost of goods and increase the demand for them, thus encouraging both production and exchange. With the taxation of land values carried to its logical conclusion, making some land free and all land cheap and available to those who wish to use it, other forms of taxation will be unnecessary, disemployment will be unknown, and the labourer, working

on his own account or in the employment of others, will get as his wages all that he earns.

The Minister of Labour, in moving the *Unemployment Bill*, on May 15th, 1934, stated that it was the 36th Act on that subject, and hinted at a future Consolidation Bill. The enactment of a stiff tax on land values would fulfil the purpose without the need for such legislation.

CHAPTER IX

"OUR HERITAGE OF SHAME—THE SLUMS"¹

"Poverty is for house rent a more lucrative source than the mines of Potosi ever were for Spain."—KARL MARX, *Capital*, III, 898.

"The destruction of the poor is their poverty."—PROVERBS X, 15.

"It is all very well to produce Housing of the Working Classes Bills. They will never be effective until you tackle the taxation of land values."—RT. HON. DAVID LLOYD GEORGE, at Newcastle, 1903.

"It is a matter of common knowledge that no housing legislation has hitherto proved effective to any important extent, because, in a word, it has not touched the spot. The spot is slum conditions generally, and to build a few model blocks of flats here and there creates only scattered and very limited improvement."

So wrote Mr R. P. P. Rowe in a special article in the *Times* of October 10th, 1933.

"The error of the Government was in thinking of slum clearance and overcrowding as two separate problems. They are merely two different angles of the same housing problem, and it was a mistake to suppose that they could deal first with one and then with the other. Overcrowding was the reflection of the shortage of houses, and the great difficulty in clearing the slums was due to the extent of that very shortage."

Thus spake Lord Balfour of Burleigh in the House of Lords in the debate on the Archbishop of Canterbury's motion on slum clearance and overcrowding on March 21st, 1934.

Slums are not a problem by themselves; they are a phase, and a very distressing and disgraceful phase, of what is called the Housing Problem, and this, in its turn, is part of a still wider problem—the Problem of Poverty, the key to which is to be found in the Land Question.

¹ The ARCHBISHOP OF CANTERBURY, at Camberwell, January, 17th, 1934.

The housing question is no new apparition. It haunted us long before the War. The Great War caused an almost complete cessation of house building and repairing, and so made the housing shortage greater. Meanwhile the population, and therewith the increased need of houses, was growing. Half-a-century ago, in 1884, the Housing Problem was considered so urgent that the then Prince of Wales (afterwards Edward VII) presided over a Royal Commission to inquire into it. Since then a large number of Housing and Town Planning Acts have been added to the voluminous legislation on Housing. Quite lately the “National” Government felt obliged once more to legislate in the matter of “slums.” What is the “spot” which all these attempts have confessedly failed to touch? When will our legislators realize that Building Acts, Municipal Building Schemes, Rent Restriction Acts, Subsidies¹ and such-like expedients cannot but fail while our present unjust system of land tenure and taxation subsists?

In spite of all these efforts, Sir Raymond Unwin was able to tell the Public Relations Committee of the Building Industry that there are, in England and Wales, 500,000 houses unfit to live in, and a further 500,000 below a good modern standard, and to suggest that between 1,500,000 and 2,000,000 houses are required at the present time.² Sir E. D. Simon gives an estimate that 1,750,000 houses will be needed in the next 20 years, in spite of the fact that 2,000,000 have been built since the War.³ The *Architects' Journal*, after an inquiry into the slums of London and 14 other cities, estimates that this country requires 1,400,000 houses merely to abate overcrowding.

There is no lack of legislation⁴ purporting to deal with

¹ Subsidies are, in the long run, a gift to the landlords. “The subsidy was confined to places where sites were expensive.” (VISCOUNT GAGE, speaking for the Government in the House of Lords, March 21st, 1934.)

² *Land & Liberty*, September, 1933 (p. 273).

³ Housing and Slum Clearance Supplement to the *British Weekly* (November 23rd, 1933).

⁴ For a survey of the extensive and complicated legislation on Housing, see *The Slum: Its Story and Solution*, by Major HARRY BARNES (1931), and, for recent Acts, *The Anti-Slum Campaign*, by Sir E. D. SIMON (1933).

the housing shortage. There is no lack of demand for houses, as is clearly shown by the long waiting lists at the Town Halls. Mr Frank Hunt, Valuer to the London County Council, stated in his Annual Report on the Council's Housing Estates that there were 209,000 applicants for 9,307 lettings during the year ended March 31st, 1933. There is no lack of the necessary labour. Hundreds of thousands of building operatives are on the live registers of the Labour Exchanges. As Sir Raymond Unwin told the Mansion House Council on Health and Housing, workmen who might have been building houses, or making materials wherewith to build them, were paid £50,000,000 in the last three years for standing idle (May 29th, 1934). There is no lack of money for investment in building enterprise, and rates of interest are unusually low. There is an orgy of "luxury" building—banks, cinemas, huge blocks of offices, palatial flats and hotels—and houses for middle-class people who are able to *buy* them;¹ but those whose labour builds them look in vain for decent houses to live in.

Mr Austen Chamberlain told, in December, 1933, of 6,000 persons living in basements in the opulent City of Westminster, under the shadow of the Parliament Houses, where all this Housing legislation was passed, and the Medical Officer of Health, in his report for 1925, stated that "owing to the shortage of housing it has not been found practicable in Westminster to exercise, in any degree approaching completeness, the existing statutory powers and regulations prohibiting the occupation of underground rooms as sleeping rooms." As newspaper readers will probably remember, some of these Westminster basement dwellings have been flooded during very high tides in the Thames.

The Royal Borough of Kensington contains a Royal Palace and lovely Parks. According to the survey by the *Architects' Journal*, it also has 5,000 of the "common people" living in basements below street level. But Mr Philip H. Massey states that there are 13,000 basements in the Royal Borough (of which 600 have their ceilings

¹ The Chief Registrar of Friendly Societies reported that outstanding mortgage balances in 1932 were £28,000,000 more than in 1931. The Building Societies cannot help the slum dwellers.

below street level, and 1,200 have areas 3 feet wide or less), and “it is reported that sewage water, forced back from the sewers, comes into some of the worst of the cellar basements.” There are also 2,000 mews dwellings in the Borough.¹

Many thousands of our fellow citizens are festering in rooms which the *Church Times* (December 8th, 1933) describes as sunless, airless, damp, with rotting boards and peeling wall-papers, often infected with slugs, beetles and rats. The writer of these lines knows, by his own observation, that this kind of “housing of the poor” is by no means uncommon in the three Metropolitan Boroughs of North-east London in which he has spent most of a long life.

We are brought a little nearer to the heart of the problem when we reflect on the general confession that all the Housing Acts and all the Municipal building activity have failed to produce houses at a rent which can be paid by their intended occupants, on the ground of whose poverty the taxpayers have been called upon to subsidize house-building, in order to reduce rents to an amount that the poor can afford. Tory Governments have subsidized the commercial builder and Labour Governments the Municipal builder, with the result that, as Sir E. D. Simon complains, “we are farther away to-day from reaching our aim of one house per family than we were at the end of the War.”²

The Medical Officer of Health for Stockton-on-Tees reported in 1933 that the health of the occupiers in the new and healthy dwellings, provided by the Municipal Authority, had actually *deteriorated* since they left the slums, because the effort to pay a higher rent left them without money enough to buy sufficient food! It is cheaper *per head* to live in a slum, where overcrowding is winked at or even encouraged, even at the extortionate rent *per room* which the slum landlord exacts, than it is to pay the State-aided rent of a Council flat, in which overcrowding is not permitted. The L.C.C. swept away the Boundary Street slum in Bethnal Green, and built excellent blocks

¹ “*British Weekly*” *Housing Supplement* (November 23rd, 1933).

² *The Anti-Slum Campaign*, pp. 7-8.

of flats with an open space among them, in place of the very narrow streets and horribly overcrowded houses which had been deemed the "worst slum in London." But very few of the slum-dwellers came to live in the new flats: they probably, for the most part, crowded into the old houses in nearby streets or migrated to other slums. The Council flats were largely occupied by people in "sheltered" occupations, such as the lower ranks of the Civil Service, with assured but not large incomes. Even they petitioned for a reduction of their rents.

In Leeds (with its 11,000 corporation houses and 74,720 back-to-back dwellings) and in more than a score of other towns it is sought to overcome this kind of difficulty by a system of "differential rents," based upon a "means test."¹ Tenants who are deemed to be able to afford it are charged what is considered to be the "full economic rent" or are asked to remove elsewhere; poorer folk, in proportion to the largeness of their families and the smallness of their incomes, have their rents reduced; in extreme cases, possibly to *zero*. This is done at the expense of the subsidy received in respect of all the dwellings. As might be expected, those whose rents are raised are making trouble. Meanwhile, it apparently does not occur to the devisers of this scheme that it is the wages of the tenants that need revising upwards more than the rents need revising downwards. As Mr E. Maxwell Fry, the Architect, lecturing for the Architectural Association, said: It is poverty that makes the slums: and we are faced with the colossal task of dealing with them "because the wealth of the country had been badly distributed among the population."²

The so-called Housing Problem is, therefore, a part of the general Problem of Poverty, and the main cause of involuntary poverty is monopolized Land and unjust Taxation.

The *New Survey of London Life and Labour* (published February, 1934) reveals that there were found, in 1929, no

¹ "Differential renting is a necessary part of any solution of the slum problem" [Subsidies] "are really a form of Public Assistance" [*i.e.*, Poor Relief]. (Sir E. D. SIMON, *The Anti-Slum Campaign*, pp. 138-9.)

² *Times*, October 16th, 1933.

less than 490,000 persons in London living below the low standard of Charles Booth's "poverty line" of more than 40 years earlier, and that there is, besides, a large number of families, far above that line, who cannot satisfy their minimum needs of decent and healthy housing because no suitable accommodation is available for them. In these circumstances the continuance of slums is not to be wondered at.

To the good folk who regard the destitute¹ as "cases"—so much raw material for the work of inspectors and philanthropists—rather than as fellow human beings with equal rights in "the land which the Lord their God hath given them," it perhaps seems natural to treat them as if they were exhibits in a village pig show. So we have the discussion of the question "whether the pig makes the sty or the sty the pig?" It is sometimes said, or at least implied, that some people prefer to live in the slums. They would not know what to do with a good house if they had one. They would keep their coals in the bath and use the banisters for firewood. Even if this be so, why does no one ask how it has come about that our wealth and civilization have brought so many of our citizens to such a pass that they are compelled, or even *contented*, to live like pigs in houses like pig-sties? And when our Councillors are told that homes must be provided for folk who "cannot afford any rent at all," why does this not instantly make the Councils enquire by what long-continued wickedness thousands of honest families have been reduced to such a state of destitution? However interesting it may be to discuss the symptoms of a deep-seated social disease, it is of urgent national importance to discover and eradicate the cause. The persistence of slums is not to be attributed to a double dose of original sin in an inferior class of "untouchables" who rather enjoy living in them; it is due to the operation of unjust laws for which we are all morally responsible except so far as we are working for their repeal. "Breathes there a man with soul so dead" that the misery and degradation of slum life, its appalling

¹ VERINDER, two articles on *Housing and Destitution in Land Values*, July and August, 1912.

effect upon innocent children, its progeny of disease and vice and crime, make no appeal to him, let him at least find an excuse for action in the thought that the cost of our sanitary departments, Public Assistance Committees, police forces and prisons, hospitals and asylums would be greatly reduced if we could only get rid of the slums. The Government appealed to the Municipalities to "get a move on," and to clear away the slums. But where are the evicted slum-dwellers to live, unless the housing shortage is first done away with?

It should be noted that slums are not always and necessarily small houses in narrow streets. There are now in many parts of London large, well-built, upstanding houses with large rooms, originally built for and occupied by well-to-do families, with sanitary conveniences adapted to a single family able to keep servants. For various reasons, it is now very difficult to find tenants of the original sort. These houses often fall into the hands of grasping landlords, who let them out, floor by floor, or even room by room, to poor families, for whom the water arrangements and other sanitary conveniences are monstrously insufficient. The housing shortage provides plenty of tenants—families who pay exorbitant rents: even as much as 22s. 6d. a week in an outer suburb for a stone-floored basement, ill-provided with light and air. In many cases the occupants of such an underground dwelling have to take in a lodger to help pay the rent.

It is amazing that, in face of the known facts, hardly any reference to the fundamental causes of the housing shortage and its consequences is made in the writings of those who profess to deal with what the compilers of the *New Survey of London Life and Labour* (III, 235) refer to as "still the dominant social question of London." All that Sir E. D. Simon has to say about land values is that the question of land values is "one of the most important questions that will have to be borne in mind," that it is an "intricate but vital problem," that land values are very high in London, and that "land values must be brought down in such areas as may be zoned for housing." He does not say how this reduction is to be brought about, but apparently thinks that it will ensue automatically "when we are in

possession of a complete town plan.¹" Major Barnes, writing of the "conditions that are productive of slums," says that "of these, the principal is the lack of cheap and easy transport from the centre of our great towns and cities into the suburbs and beyond. This is of immense importance." He thinks that "to build on the outskirts should be to get land more cheaply,"² and has perhaps not heard of what is happening at places like Golders Green and Edgware since they were made accessible by Tube railways.

As to the question of rates, it makes no appearance in the index to Sir E. D. Simon's book, and Major Barnes (p. 350) only refers to the rates as monies to be collected, in addition to the rents, by the "efficient managers" of "both old and new houses." The Anglo Catholic Congress Housing Association shows in a small pamphlet of eight pages³ a greater appreciation of the intimate concern of "ground values" and "de-rating of houses" with the housing question than is to be found in the large volumes of these experts.

Of course, the question of compensation to the slum-owners comes at once to the front as soon as any proposal is made to deal with these social sores. It is at least as old as the early years of the London County Council (1890-1), when, having decided that the Boundary Street area in Bethnal Green was the worst slum in London, the Council set out to abolish it, at whatever cost: and paid its owners £300,000 of public money. For this sum they acquired nothing but the bare site; the buildings were only worth the *minus* sum representing the cost of their demolition and removal. The English Land Restoration League (now the English League for Taxation of Land Values) stood almost alone in opposing the payment of this blood-money. It pointed out that the Council, by paying such a reward

¹ *The Anti-Slum Campaign*, pp. 66, 97 (wrongly indexed), 98, 109. True *land values* cannot be brought down, even by the most complete town planning. *Monopoly rents and prices* can be forced down to natural level by making all land available as and when it is wanted. Competition would then provide the needed housing at economic rents.

² *The Slum ; Its Story and Solution*, p. 288.

³ *The Church and the Slums*, p. 5.

to those who had been making an unholy profit out of the "worst slum in London," were encouraging the owners of the next worst to qualify for a similar prize. If a Bethnal Green butcher (they said) sold poisonous meat to his neighbours he was liable to fine, and perhaps imprisonment, and the meat was confiscated and destroyed. Why should a man who let a poisonous dwelling be rewarded out of the public purse, be given a huge bribe to induce him to cease from robbing and murdering his poorer fellow-citizens? His offence was worse than the butcher's. One could get rid of a poisonous meal. But the slum-dwelling was poisoning its inmates, not only at meal-times but all the time, and one could not take an emetic and throw up one's house! A much-respected Alderman of the Council who begged the League, with tears in his voice, not to stand in the way of a beneficent plan to save the people from the slums, publicly confessed, a few years later, that he had discovered the existence of a syndicate of financiers, who were buying-up slum property for the L.C.C.'s market, and he stated that he would never again vote for buying out slum-owners.

Much more recently, Lord Balfour of Burleigh told the House of Lords (April 17th, 1934) that "there are certain landlords who can only be described as sharks. There is a definite class of landlord who makes a profit by purchasing property which has already been marked out for demolition by local authorities." Alderman Jackson, chairman of the Special Committee of the Manchester Corporation responsible for slum clearances, told the City Council that the land required for the Hulme clearance scheme worked out, "generously including some of the streets, at £7,111 an acre; and, when demolition, legal charges and other costs were added, it came out at £9,237 an acre—an impossible price. In terms of weekly rent, this would be 4s. 6d. for land alone."¹

So we come back once more to the Land Question.

Houses are built on land. All the materials that go to the making of a house come from land, or are made of raw materials drawn from land: stone, bricks, lime, mortar, cement, concrete, timber, tiles, slates, metals, glass, paint,

¹ *Manchester Guardian*, February 22nd, 1934.

and so on. The cost of a house is the sum of the cost of the site, the materials, the labour employed to build it, and the charges for designing it and supervising its erection. Our present system of taxation and rating has nothing to say to a bare site, but, when a house is built upon it and occupied, the rates are assessed upon the nett letting value of the composite “ property ” (*i.e.*, land and house), and fall to be paid by the occupier. If the land is dear and the building materials are dear also, rents are high, and the rates also, because the assessment follows the rent. Land is made unnecessarily dear when the market supply of land is artificially restricted; and the withholding of land is encouraged by the way in which rates are levied. This restriction, and the consequent enhancement of the price of such land as is available, is one of the chief reasons for the policy of housing the workers in huge block dwellings, “ climbing,” as Mr E. H. Pickersgill told the House of Commons many years ago, “ storey above storey towards high Heaven, in a vain attempt to escape the rapacity of the ground landlord!”

Land that is lying unimproved and unused, however valuable it may be, is not liable to rating. If it is put to some poor use or (say) has a “ shack ” upon it, it is assessed to the rates at a very small sum, no matter how high the price that would be demanded from anyone who wished to put it to good use. A good house, well-built and with modern conveniences, or a convenient shop, or a commodious factory or hotel, would be very heavily rated in accordance with its suitability for its purpose.

The late Leonard Outhwaite rendered a great service to the cause of better housing by obtaining from the Government in 1913 a Return¹ which should be in the hands of every Housing Reformer. The Return gives, for nearly every County Borough, Municipal Borough and Urban District in England and Wales, its area and population, together with the area of land “ rated as agricultural ” within the municipal boundaries, and other interesting details. A very few Municipalities did not supply particu-

¹ *Urban Districts (Areas and Rates)*. (White Paper No. 119 of 1913.) The late Mr CHARLES E. PRICE, M.P., obtained a similar return for Scotland. (White Paper, No. 144 of 1914.)

lars. It appears that, in 1911-12, in eleven self-contained County Boroughs and 1,065 other Urban Districts, with a total area of 3,884,139 acres, no less than 2,533,035 acres were rated as agricultural land under the *Agricultural Rates Act*, 1896, that is to say over 65 per cent. of the urban areas of England and Wales was "agricultural land" for rating purposes.

Unfortunately, London was omitted from the Outhwaite Return, but the facts have since become known. Just before the War there were 8,102 acres of land, assessed as agricultural, in the County. Since the War, Mr Frank Hunt, Valuer to the L.C.C., stated, before the Royal Commission on London Government, that the total amount of undeveloped land in the County still amounted to between 7,000 and 8,000 acres—about one-tenth of its whole area. In March, 1919, Sir Edgar Harper,¹ formerly Assistant Valuer and Statistical Officer to the L.C.C., worked out, in a paper read to the Royal Statistical Society, the figures for the County of London and 35 adjacent Urban Districts. Out of 193,889 acres, no fewer than 53,242 were (in 1911-12) rated as agricultural. The rates paid on these agricultural lands in the Metropolitan area averaged 5s. 1d. per acre; on the rest of the area, including all the developed land, they averaged £141 per acre. If allowance could be made for the area devoted to streets, parks, public open spaces, and for vacant sites, unrated sites of churches, etc., the contrast would be sharpened.

Two things have happened since the time to which the above figures belong. Some of the suburban agricultural lands have been built upon; and by Acts of Parliament passed in 1923 and 1929 land assessed as "agricultural" has been, by two steps, completely de-rated.

The first requirement for the building of the new houses, for which there is so clamant a demand, is—land on which to erect them. The demand is, of course, greatest in the urban areas. It is precisely on the land which, within or close to our cities, towns and urban districts, is *de*-rated as "agricultural" that the needed houses must mostly be built. This land, since 1929, has no assessable value. It

¹ *Land & Liberty*, February, 1922 (p. 226).

costs the owner nothing, by way of rates, to keep it out of building use. Any income that he may thus be losing is much more than made up to him by the steady and often rapid increase in its selling value, due to the demand for houses, shops, and so on. If the local authority, for which the land has no assessable value, wishes to buy some of it, for a housing scheme or a Council School, or some other public purpose, the land speculator instantly discovers that the land has a very high value for building purposes.¹

Mitcham, a growing suburb on the Southern fringe of London, has its housing problem. A local landholder has pointed the moral of the foregoing paragraphs by displaying on some fields, on which a plough has sometimes been seen at work, a notice-board advertising “ this valuable *building* land for sale.” More usually, such land is merely used as accommodation land, upon which perhaps the local milkman grazes a few cows.

Within the Greater London area, the London County Council has built great housing estates. Inside the County, at Bellingham, the Council paid £50,339 for land assessed at an (annual) rateable £490; £120,000 for land at Roehampton assessed at £951. Outside the County, £295,544 was paid for the site of the Becontree Estate in Essex, assessed at £3,590, and £369,943 for its St. Helier Estate, assessed at a rateable value of £2,274. For these four estates, measuring in all 3,370 acres, the L.C.C. paid £835,826, an average price of £248 an acre. The land was assessed at an average rateable value of £2 3s. 4d. per acre when the Council bought it at 114 years’ purchase of the figure at which it stood assessed on the rate-books.

Recent acquisitions of sites for block dwellings tell the same story: Stamford Hill Estate, which cost the Council £52,645, had been rated on a value of £1,191; Glebe Estate, Camberwell, cost £57,970 (R.V. £1,380); Honor Oak Estate, Lewisham, cost £20,702 (R.V. £119). Twenty years’ purchase of these three sites on the basis of their

¹ A table giving particulars of 34 purchases of land, acquired during 25 years by the City Council of Sheffield, appears in *Sheffield City Council and Land Value Rating*, reprinted from an official Report by the United Committee for the Taxation of Land Values (1d.).

rateable value would have been £53,800. They cost the Council £131,317.

One more ghastly illustration of what all this means.

Some years ago, a doctor,¹ in the Cathedral City of Hereford, found a man, wife and four children living in a single room, 12 feet by 9 feet, in a house which had been condemned by the City Council as unfit for human habitation. Into that awful "home" in the dead of night a fifth child was born in the presence of an awakened and horrified babe of three years. No room elsewhere to build a house for them to live in? In that same City *more than 75 per cent of its area was rated as "agricultural land."*

The deterrent effect of the non-rating of these urban and suburban lands upon the provision of houses is re-inforced by the pressure of rates upon the houses when they are built and occupied.² A surveyor would say that this prolongs the period of "ripening for building": *i.e.*, delays the efforts to overtake the housing shortage. The tenant, even if he does not understand these things, knows that it increases the cost of occupation. He knows that the better the house, the higher the rates; that, if he provides a decent home for his family, he will be fined by the rating authority, and that if he takes them to live in the street he will be fined by the Police Magistrate; that he cannot instal a bathroom, or throw out a conservatory, or add a garage, or a new storey to afford more bedrooms for a growing family, without having his assessment increased. The conversion, at great cost, of a large un-

¹ See his letter in the *Daily News*, October 7th, 1924.

² "The late [Conservative] Government appointed a Royal Commission [in 1897] to overhaul the whole question of Local Taxation. . . . These Commissioners . . . explain that our present rates, by bearing heavily on buildings and other improvements, act as a tax on industry and development. 'Buildings,' says the Report, 'are a necessary of life, a necessary of business of every kind. Now the tendency of our present rates must be generally to discourage buildings, to make houses fewer, worse and dearer.' In other words, our present rating operates as a hostile tariff on our industries. It acts in restraint of trade, it falls with severity on the shoulders of the poorer classes in the very worst shape—in the shape of a tax upon house-room." SIR HENRY CAMPBELL-BANNERMAN at Dunfermline, October 22nd, 1907, quoting the Separate Report on Urban Rating and Site Values, signed by five of the Commissioners.

lettable, old-fashioned house, originally built for one family, into self-contained flats with proper sanitary conveniences, cooking facilities and water-supply, is invariably followed by a huge increase of assessment.

The poor, who are the greatest sufferers under the present system, often do not realise that they are paying rates at all, because their share of the ground-rent, the interest on the cost of the building and their share of the rates are all lumped together and paid by weekly instalments in what they call their "rent." Many of them, who live in houses the rent of which is "controlled" by the *Rent Restriction Acts*, have been enlightened, by the permitted increase of their "rents," following upon any increase of rates.

Sometimes the truth about the rates is brought home to them with disastrous results. For instance, Queen Mary, some years ago, visited some of the terrible slums of Hoxton,¹ and made remarks which stirred the London County Council to activity. The Council built eight blocks of workmen's flats to re-house some of the slum-dwellers at Stamford Hill, about two miles to the North. With the incurable hopefulness of the poor, many of the Hoxton families moved into the new flats, delighted to come into a healthy district to a clean, light, airy, well-built home, and hoping somehow to be able to scrape together the rents, varying with the number and situation of the rooms from 13s. 6d. to 19s. 3d. a week. They naturally assumed that these rents, like the rents which they had been paying in the slums, constituted their full liability. But they were met with a demand from the Hackney Borough Council for rates, to be paid *quarterly in advance*. Many of them, faced with demands that they could not possibly meet, left; probably returning to some slum. Others, who stayed on, were served with summonses. Some of the new tenants are known to keep maids, a fact which hardly suggests that all the flats are serving their ostensible purpose. At the end of 1933 the L.C.C. was able to make an arrangement with the Hackney

¹ An examination of a sample 100 dwellings in Hoxton and Tidal Basin, by the *Week End Review* (December 16th, 1933), showed 100 per cent of overcrowding.

B.C. under which the County Council now collects the rates and the water charges in weekly instalments with the rents, and pays the rates in bulk to the Borough Council. The effect of the change is shown in the following table :—

	<i>Rent.</i>	<i>Rent and Rates.</i>
3-room tenements	13s. 6d.—17s. 0d.	18s. 0d.—22s. 6d.
4-room tenements	17s. 0d.—18s. 0d.	22s. 8d.—24s. 0d.
5-room tenements	18s. 0d.—19s. 3d.	24s. 0d.—25s. 0d. ¹

In the same district, on the opposite side of the High Road, the Guinness Trust has built ten blocks of dwellings, containing altogether 400 lettings. They stand on the sites formerly occupied mainly by two large houses, of an old-fashioned type, with large gardens; the whole assessed at £735 rateable value. The whole site is now occupied by the Guinness Trust Buildings (assessed at £6,760) and a garage (assessed at £775). One-room flats let at 7s. per week; 2 rooms 11s. 9d.; 3 rooms 15s. 4d.; 4 rooms 19s.; each flat having in addition a scullery and bath. Flats on the upper storeys are somewhat cheaper. All these weekly rents include rates.

The story of the L.C.C.'s Oliver Goldsmith Estate at Peckham is similar to that of their Stamford Hill dwellings. It was known locally as the "Jailbirds' Garden Suburb," because, it is said, at least half of the Council's tenants have been sent to Brixton Prison for non-payment of the Borough Council's rates. Now that the rates are collected with the weekly rent they are in danger of eviction by the County Council, whose rent collectors refuse to accept the rent without the additional sum which represents their instalment of rates, and these poor folk cannot find the money to pay both. In this case the rents vary between 10s. and 18s. a week, with rates averaging from 4s. to 7s. a week.

Why do we thus rate houses, and rate them so heavily? Are we trying to prevent their erection, as the window-tax prevented the making of sufficient windows, and the newspaper-tax made newspapers so dear as to put them beyond the reach of the poor? What hope is there, under such conditions, even of the million houses to let at 10s. a

¹ Figures kindly supplied by Mr. Frank Hunt, Valuer to L.C.C.

week for which the Bishop of Winchester has been pleading?

Under rating of land values, *all* land, including every vacant plot of building land, the site of every empty house, all the so-called agricultural land in and around urban areas, and all land from which building materials can be obtained, would be assessed at and rated on its true market value. This would bring into use a very large area of land now held out of use for speculative reasons, and would not only reduce the price of land and of building materials,¹ by enlarging the market supply, but would also make it possible for local rates on buildings to be reduced and, finally, extinguished. Houses, built on cheaper sites with cheaper materials, and relieved of the burden of the rates, could be let, without the help of subsidies, either out of public funds or from philanthropists, at much cheaper rents; and the workers, with steadier employment and higher wages, because of the opening-up of new avenues of employment, would be able to pay a reasonable recompense to those who build houses for them to live in.

We should no longer be on the slippery slope which leads, through scarce and dear houses, to overcrowding, and so on to slums.

¹ A great national scheme of house-building, without the taxation and rating of land values, would simply increase the swollen dividends of the brick-making companies to which Sir Francis Acland referred in the House of Commons on January 30th, 1935.

CHAPTER X

AGRICULTURAL LAND

"Ye lords, I say, that live like loiterers, look well to your office; the plough is your office and charge. If you live idle and loiter, you do not your duty, you follow not your vocation; let your plough therefore be going, and not cease, that the ground may bring forth fruit."—HUGH LATIMER, *Sermon of the Plough* (at St. Paul's, London, January 18th, 1548).

"The tree of the field shall yield its fruit, and the earth shall yield her increase, and they shall be secure in their land; and they shall know that I am the Lord, when I have broken the bars of their yoke, and have delivered them out of the hand of those that made bondmen of them."—EZEKIEL, xxxiv 27 (R.V.)

"People don't realize what the French war meant. In 1812 wheat at Liverpool was 20s. (?) the imperial bushel of 65 lbs. (?) Think of that, when you bring it into figures of the cost of a loaf. And that was the time when Eaton, Eastnor and other great palaces were built by the landlords out of the high rents which the war and war prices enabled them to exact."—W. E. GLADSTONE (to JOHN MORLEY), *Morley's Life of Gladstone* (first edition), III, 471, under date December 24th, 1891.¹

At a time of universal depression, the workers in two great primary industries—agriculture and mining—are among the most distressed classes in our Nation. Unlike the miners, the field-workers are not entitled to the benefit of the "dole" when completely unemployed; they suffer a good deal more from seasonal unemployment; and they have not such a large and well-organized Federation, as the miners have. Their employers, the farmers, are well organized, and much more vocal, and have, besides, a general support for their demands from powerful landlord organizations. Two political parties, anxious to wrest the parliamentary representation of the rural districts from the Tories, are always under the temptation to court the farmers' vote, if not by giving them all they want, at least by not alienating their support by measures which however good for their customers—the consumers of food—appear to the farmers to be prejudicial to their personal interests.

¹ Morley was not sure of the figures quoted by W. E. G. In August, 1812, the price of the quartern loaf was 1s. 9½d.

So the Liberal *Finance Act* of 1909-10 exempted agricultural land values almost completely from the Lloyd-Georgian Land Duties, though *all* land was to be valued.

The Labour *Finance Act*, 1931, exempted agricultural land from taxation on its "cultivation value," which included farm buildings and agricultural cottages. If it had any greater value than for agriculture (*e.g.*, as building land) it was to be taxed only on the difference.

Conservative Governments have exempted agricultural land from local taxation and have sought to increase the price of the farmers' products against the public by imposing tariffs and quotas upon foodstuffs and by creating monopolies under marketing schemes, or have fleeced the taxpayers to pay them subsidies.

The Liberal leaders, apparently still imbued, in spite of Adam Smith,¹ with the mistaken idea that "site value" only pertains to "building land," which they are quite willing to tax and rate on its value, maintain, in their latest statement of policy,² that "agricultural land must be dealt with on other lines," but do not explain why this "must" be so. They propose to subject the unfortunate tiller of the soil to a new Bureaucracy ("powerful new authorities in every county"), with "wider powers of acquiring land," the price of which "could be met by the issue of bonds to the sellers at the current rate of interest on Government securities."

The Labour leaders produced, in 1926, an elaborate Agricultural Policy which proposed to subject the agriculturist to so many controlling Committees, etc., that it was doubtful whether he would have any time left, after he had filled up their "forms" and studied their circulars, to give to his proper business of producing food. This policy was criticized in detail by the present writer.³

The latest Labour Programme for the countryside is a

¹ See chapter VI, par. (3).

² *Liberal Policy; The Liberal Party's Address to the Nation* (Liberal Publication Department, March, 1934) and *The Liberal Way* (National Liberal Federation, 1934).

³ Article in the *Middleton Guardian*, reprinted in the *Clarion* and (in part) in *Land & Liberty*, April, 1926.

much less wordy document.¹ It proposed to "bring all agricultural land under National ownership," rapidly, with "fair compensation." The writer of the pamphlet probably had as little idea as the labourers for whose votes he is angling of the difficulties that beset such a proposal: to start with, the difficulty that besets every attempt to divide land into categories, such as stultified Mr Lloyd George's "undeveloped land" proposal. How is agricultural land to be defined as apart from other land? It can hardly be defined by districts, for "agricultural" land occurs in urban districts, and parts of districts called "rural" are often industrialized. There are nearly two and a half million acres of land "rated as agricultural" in our Cities, Boroughs and Urban Districts. Is this land to be bought out, and, if so, what "compensation" would be considered "fair"—agricultural value or building value? Land that is being used for agricultural purposes to-day may be urgently needed to-morrow, or even to-day, for housing purposes. The prospect of being bought out by the State will give the speculator another reason for holding back this (de-rated) land from the builder. Does the Labour Party not know that the value of agricultural land is being increased by the Tory policy of making food dear, and that to buy it with public money is to capitalize for the landlords' benefit the injury inflicted on the public by "Protection"? What about cultivable land now devoted to "Sport"? What is "fair compensation" for sporting rights that have been lessening or preventing the production of food? And, in any case, all past experience shows that the people are always swindled when land is bought with public funds: every Labour Councillor knows this by experience.

"Estate management" is to be transferred to a wonderful hierarchy of public authorities. The Minister of Agriculture, at the head of a National Agricultural Board, will control the management of the publicly-owned agricultural lands through County Agricultural Committees; will control great schemes of Drainage and Water Supply through the Catchment Area Boards; will control Production and Marketing of Commodities, with "a deliberate

¹ *How Labour will save Agriculture* (March, 1934).

control of Prices," through Home Producers' Boards, National Commodity Boards and by Regulation of Imports; and a National Wages Board, "on which Farm Workers will be represented," acting through County Wages Committees, will "have full power to fix Wages."

Mr. G. T. Hutchinson has stated¹ that "owner-occupiers . . . own a third of the agricultural land of England and Wales. . . . Many of these have already learnt to regret the day they purchased their farms with borrowed money on a falling market." So the Labour policy offers to the farmers who have been drained of their working capital by rent, or by purchase price (often paid at the top of a boom) or mortgage interest, "ample supplies of credit for capital equipment (buildings, machinery, etc.) and for working capital, under State control," if they are prepared to carry out the State's requirements. Out of all this the labourer is promised better wages, better housing, improved amenities of country life, good cottages with gardens, small holdings, allotments, and the possibility (for some of them) of a job on one of the "large-scale State-owned farms."

There is no apparent reason why any agricultural landlord should not joyfully accept this Labour programme, especially as it is obviously offered as the Party's alternative to the taxation of agricultural land values. It will be pleasanter to draw gilt-edged dividends on a new National Debt than to make his just contribution to the National Exchequer.

Apparently, no serious thought has been given by the authors of this policy to the question of its cost; a question in which even people who do not live and work in an agricultural district are likely to be keenly interested. There is, however, this amazing sentence (on p. 21) :—

If anyone should be found to say that these measures—land nationalization, control of prices, wages, etc.—cannot be carried out, let him tell us how it is that complicated schemes of control were carried through during the War without hitch, and at negligible cost to the community.

The writer, who has the hardihood to tell this story to the agricultural voters, must have felt very sure that none of his readers have read the series of blistering Reports, issued in

¹ Special article in *Times*, March 19th, 1934.

1917 and 1918, by the Select Committee on National Expenditure, on the appalling errors of judgment and the monstrous waste of public money by the State "Controllers" of lands during the War. There are some instructive quotations from these Reports in the pamphlet named in a footnote to p. 72 above.

It appears, then, that all three Parties propose to "free" the agriculturist from the tyranny of the landlord by handing him over to the tender mercies of a new and necessarily very costly Bureaucracy.

The farming class, encouraged to believe that its interests are bound up rather with those of the landlords than with those of the labourers, who help them to produce their crops, has long been "barking up the wrong tree." The farmers turned to the Conservative Party. They greedily swallowed the bait offered to them in the *Agricultural Rates Act*, 1896, which relieved them, at the cost of their fellow-citizens, of one-half of the rates on their land: a relief, ostensibly in favour of agriculture, but described by its Radical critics as "landlord relief." Further de-rating in 1923 was followed by the complete remission of rates in 1929. Experience seems to have failed to teach the farmers a truth which was confessed in the House of Commons, on February 20th, 1929, by the Lord Advocate in the Conservative Government which passed the Act of 1929, that "the benefit [of de-rating] ultimately comes to the landlord" in increased rent or in the withholding of necessary reductions of rent.¹ Meanwhile, the farm-houses are not relieved of the rates, which discourage extension or improvement, and the complete de-rating of agricultural land makes it easier than ever to hold it out of use and so keep up the price of land by creating an artificial scarcity of it in the market.

The farmers demand tariffs and subsidies to enable them to compete with foreign agriculturists. Their ideal would be, of course, to raise the price of all that they produce and to have free trade in everything they have to buy: which, as Euclid says, is absurd. The arable farmer wants a tariff on what he produces. But his wheat is, in large

¹ The remission of Tithes, recently the subject of much agitation, would, under present conditions, simply be a gift to the landlords.

quantities, the food of the poultry farmer's birds: the "offals" of the miller, the oats, oil cakes, cotton cakes, maize, etc., and the roots of the arable farmer—all agricultural products—are needed by the dairy farmer to feed his cattle and to produce his beef, milk, butter and cheese.¹ Farm machinery is increased in price by a tariff on steel; and so on.

The farmers will not listen to the followers of Henry George who warn them of the consequences of such raids upon other people's pockets. Yet even the *Conservative Times*,² writing about the bounty on beet-sugar, and emphasizing a point which the beet-growers apparently overlook, says: "The consequences of the encouragement of the production of sugar at home by a heavy subsidy are well known. . . . [It] gives a remunerative price to British producers at enormous cost to British taxpayers." It might also have added that it enables the landlords of lands suitable for beet-growing to charge a "remunerative" rent. In 1931-33 the subsidy on wheat has, at an expense of nearly £145 per acre, increased the area under wheat by 463,689 acres, while the area under barley and oats has decreased by nearly the same figure (435,362 acres); the total amount of arable land has decreased by 332,528 acres, and the number of arable workers by 1,057.³ The growers of oats then get an increased "protective" duty imposed on foreign oats; and dairy farmers, and pig and poultry keepers, who claim to be far more numerous and important than the arable and grain-growing farmers, complain that they can no longer "afford to pay the prohibitive price for the feeding of their stocks."⁴

¹ See for further details, ARTHUR HOLGATE (one of the largest farmers in the North of England), *British Agriculture and Free Trade* (Liberal Publication Department, 1930); Capt. A. R. McDUGAL, *Agriculture and Protection* (Address at Glasgow Free Trade Conference, November 21st, 1930; published by Walker & Son, Ltd., Galashiels).

² In a leading article, January 8th, 1934.

³ The figures for 1933 were given by the Minister of Agriculture in the House of Commons on November 27th, 1933; those for the two previous years are from an earlier Government Return. See *Land & Liberty*, January, 1934.

⁴ Letter from Secretary of the Liverpool Corn Trade Association, *Times*, February 9th, 1934.

The Potato Marketing Scheme makes one inclined to say, as said the man who saw a giraffe for the first time, "I don't believe it!" It creates a sort of close corporation of licensed potato growers, and another of potato merchants, and treats the devotion of more land to the growth of these tubers as a kind of crime, punishable by fine; and apparently it is possible for a man who grows on his small holding more potatoes than his family can eat, to be prohibited from selling his surplus to a shopkeeper or a friend. Even at a time when hundreds of thousands of our fellow-citizens are not getting sufficient food, the man who makes two potatoes grow where only one grew before is no longer to be treated as a benefactor.

All this, and much more of the same sort of thing, necessitates the creation of a new bureaucracy to harry the farmer.

The lessons of war-time are forgotten. Potatoes had become scarce and dear, and house-wives stood in queues in the hope of getting a scanty ration. The Government fixed a *maximum* price for potatoes, and the greengrocers' placards said "NO potatoes." The Government issued an Order which opened up patches of unused land, much of it apparently unsuitable for cultivation, for allotments. The allotment holders produced such an abundant supply of potatoes that they became cheaper even than in pre-war days, until the Government, by another Order, fixed a *minimum* price. So completely had even a limited access to land relieved the potato famine. Freedom to produce is the remedy for scarcity, and freedom to produce comes of freedom of access to land.

Tariffs, marketing schemes, quotas and the like will fail either to feed the hungry or to satisfy the farmer. If they give him the high prices he longs for, the rent and the selling price of the land he needs will go up. It is a grave crime against the mass of the people to pass laws which compel them to pay a higher price for a smaller amount of food: and it is quite unnecessary to do so, even in the interest of the farmers, who are seeking to make themselves prosperous, not by better methods of cultivation, but partly by fleecing the public and partly by reducing the number or the wages (or both) of their work-folk. Fifty

years ago an acute and practical observer¹ recorded what was happening in Buckinghamshire, when Joseph Arch succeeded in getting the labourers' wages raised from 12s. to 15s. a week.

"A farmer, employing 10 men, knocked off 4, and that saved 48s. a week on his labour bill. To the remaining 6 men he gave the extra wage of 3s., or an increase of 18s. on his weekly labour bill. The net gain to the farmer *in money* was thus 30s., and his net loss *in men* was 4 labourers. *But the money was in his pocket and the men were out of sight.* . . . [The land] was starved for lack of labour. Then came the wet years, when more than ever labour was needed. But the labour was not now to be had. It had been driven out of the country."

Very few of the farmers seem to have any thought of striking a blow for their own freedom: freedom from the domination of the landlord and the bureaucrat. When Mr Elliot, the Minister of Agriculture, says and implies that wages are the real burden upon the farmer, Captain McDougal retorts that "throughout the last century rent has mostly exceeded the amount paid in wages," and gives a typical case in which "rent to one man merely for permission to farm exceeded the total wages of 17 people (for a 10-hour day and a 6-day week) and was little less than wages and farmer's profits combined."² None of the nostrums offered by the three political parties set the farmer or the labourer free. The first step to their economic freedom is the taxation and rating of land values.³

Why should the working agriculturist be denied the benefits which would flow from such a change in our fiscal system? In Queensland, since 1890, agricultural land has been taxed on its value. In New South Wales, the reform began in the Shires (1905-06), and its success in the country districts led to the extension of its benefits, first to the Boroughs and finally to the Metropolitan City of Sydney (1916). In Denmark, the demand for Taxation and Rating of Land Values was persistently voiced for a decade by the

¹ Rev C. W. STUBBS (afterwards Bishop of Truro), *The Land and the Labourer* (1884), p. 21.

² *Quo vadis.* (*The Countryman*, January, 1934.)

³ See *Agriculture and Land Value Taxation*, published by the United Committee for the Taxation of Land Values.

organized Peasant Proprietors and the reform was introduced by a Government of Social Democrats, supported by Radicals and Liberals, in 1924. We have frequently been exhorted to follow the example of these very successful cultivators who, on a soil and in a climate much inferior to ours, produce such a superabundance of excellent bacon, poultry, butter and eggs that it is deemed necessary to prevent them from sending "too much" food to this country. To attribute their success to "co-operation" is to tell only a small part of the truth. It is not without significance that, in their Peasants' High Schools, economic teaching is based on Henry George's works, and that a copy of *Progress and Poverty* is to be found in many a Danish peasant's home.

There are not wanting, in this country, advocates of our Reform even among those who may justly claim practical knowledge of agricultural conditions and possibilities. The late James Long, Professor of Agriculture at University College, Reading, strongly advocated it. He tells us of "the [nearly] thirteen million acres of rough grazing land, which potentially represent the wealth of a new nation," which is "capable of considerable improvement," though, or because, "90 per cent of it has received no attention at the hand of man." He tells how a Scottish landholder, Mr R. H. Elliot, D.L., of Roxburgh, applied to some such land—poor, exhausted, stony and hilly, subject to frequent droughts—a method of culture, without manure, which yielded a crop of barley and so heavy a crop of excellent grass that, in spite of unfavourable weather and twelve weeks' grazing in Spring and Autumn, two tons of hay were cut to the acre. The effect was to increase the rental value of the land from 5s. to 15s. an acre.¹ Mr Hunter, one of the ablest of British seedsmen, has declared that there are thousands of acres of poor hill pasture and downland which, for an outlay of £3 an acre on cultivation and suitable seeds, might be converted within a single year into profitable pastures of treble their present value.²

¹ LONG, *Making the Most of the Land*, pp. ix, 197, 272.

² *Ibid.*, ch. ix.

Lord Bledisloe (late Governor-General of New Zealand) is a Conservative Peer, a landlord, an enlightened cultivator, and has been the head of the oldest Agricultural College in England, President of the Central Landowners' Association and Parliamentary Secretary to the Board of Agriculture. He wrote to the *Times* on October 20th, 1923 (and in the same week to the *Spectator* in much the same strain):—

"The mode of taxing real property is a serious deterrent to agricultural enterprise and increased output. There are, for instance, thousands of acres of seriously neglected grassland in the West of England and in Wales which, by the application of phosphatic fertilizers, might be made to yield three times the amount of meat or of milk that they are now yielding; but the farmers will not apply these dressings, because they know that the assessable value of their land (and perhaps consequently its rent) will be raised.¹ The same applies to the installation of labour-saving machinery or of plant for the conversion of farm products into marketable commodities. *The exact converse is the case in Denmark, where taxation is imposed upon the land itself, to the exoneration of its improvements.*"

If testimony from the tenant farmer's point of view is needed, the numerous speeches, articles and pamphlets of Captain Arthur R. McDougal, J.P., of Blythe, Lauder, Berwickshire, state, with clearness and force, the case for the Taxation and Rating of Agricultural Land Values, the De-rating of Agricultural Buildings and Improvements, and Free Trade. He introduced himself to the Glasgow Free Trade Conference (November, 1930) thus: "I speak as a plain, practical tenant farmer of 30 years' experience, and as the son of generations of farmers. I farm about 1,000 acres of poor, high, mixed arable land and a considerable acreage of hill grazings." To this may be added that a large part of the land was reclaimed from heather, bog and birch by his father. The Captain was for twelve years a member of the executive of the Scottish National Farmers' Union and was for some years one of its Vice-Presidents. He has contributed the results of his experiments in grass cultivation to the *Journal of the Scottish Board of Agriculture* and has read a paper at Rothamsted. His practical experience

¹ But surely his lordship was putting the cart before the horse, for the raising of the assessment usually *follows* the increase of rent. Anyway, the complete de-rating of agricultural land, since Lord Bledisloe wrote, makes the raising of the rent even more certain

as a tenant farmer makes him a formidable critic of current political schemes for Agriculture. As the *Daily Herald* wrote, at the head of one of his articles : " He wants neither Tariffs nor State Aid—all he asks is Protection from Landlordism."

It used to be said, by Lord Winchelsea and others, that there are " three classes interested in Agriculture : landlord, farmer and labourer "; and it was assumed that their interests were the same. We all know, in a rough-and-ready way, what are the functions of the farmer and of the men whom he employs in what is, to a far greater degree than the townsman usually realizes, a highly skilled occupation. What service does the landlord render to the industry?

A former Prime Minister, who used sometimes to read the Lessons in Church, once said:¹ " The landlord furnishes the land," and was not prosecuted under the Blasphemy Laws. However else we came by the land, it is quite certain that the landlord did not make it. He simply claims to own it. That, in itself, does not give him the right to share in the produce of the labour of his two " partners." If the landlord himself farms " his " land, or if he builds a farmhouse and other necessary buildings or makes any kind of improvements on it, for the use of a farmer, he is clearly entitled to the rewards of his labour and expenditure. But the agent of a great London landlord told the Town Holdings Select Committee, many years ago, that " no wise landlord makes any improvements." He just takes, at the end of a lease, the improvements made by his tenants. The one function which quite clearly distinguishes the landlord, as such, from the rest of the community, is that of land-rent-collecting; a quite useful function, if he passed on his collections to the Treasury of the King from whom he holds his lands.

Lord Bledisloe told the British Association,² to the great annoyance of the Land Union, that most landlords had been, for the last two generations, mere rent-receivers, without either the knowledge or the inclination personally to administer their own estates, still less to cultivate them:

¹ LORD SALISBURY, on the *British Agricultural Association Bill* (1885).

² At Hull, September 11th, 1922.

the landlord had regarded the land as an amenity, and had lived a life detached from the industry. It is clear, therefore, that the landlord, as such, is not a sharer in agricultural industry: he is merely a burden upon it. He "farms the farmers." Like the dodder on the corn, he fastens himself on the industry and sucks the life out of it. Captain A. R. McDougal tells the same story. The present system can only be justified by a superstitious belief that the farmer cannot grow food for himself and us unless there is a landlord to collect rent from him, to impose, at his will or whim, all sorts of restrictions upon his activities, and to raise his rent upon his improvements, if he is rash enough to make any. The way in which the system organizes the life of a country parish may be illustrated by the case of Stanton St. Bernard in Wiltshire.

The village and parish of Stanton St. Bernard, in East Wilts, is the property of the Rt. Hon. George Robert Charles Herbert, J.P., Earl of Pembroke and Montgomery and Baron Herbert of Cardiff. . . . His lordship is lord of the manor, sole (absentee) land "owner," patron of the living, receiver of rent and tithe. Of the nearly 2,000 acres of land in the parish, about 40 are glebe. The noble owner lets the rest, together with all the cottages, to two farmers. The two farmers, besides controlling the cultivation of all the land in the parish and the tenancy of practically all the cottages, are the churchwardens, the overseers of the poor and the school managers. One of them has charge of the rate-book. The labourer who wants to work in the parish must obtain employment on the Earl of Pembroke's land under one of the Earl of Pembroke's two farmers, who will house him in one of the Earl's cottages, deducting the rent from his weekly wages. He sends his children to the "national" school (managed by the Earl of Pembroke's farmers) and "goes on Sunday to the Church" where, under the eyes of the two churchwardens (Lord P.'s farmers again), he "sits under" the clergyman appointed to the parish (by the Earl of Pembroke). When he gets too old to work, or is reduced to hopeless poverty by misfortune, he must apply for poor-law relief to the same two farmers. If, in spite of all these arrangements for his comfort, he is still discontented with his lot, there is no building—not even the school-room, which is largely subsidized out of the taxes—in which he can meet to take counsel with his fellows, unless he first obtains the permission of the Earl of Pembroke's farmers. If the parish of Stanton St. Bernard were a slave estate, owned by the Earl of Pembroke, and managed by two overseers on the Earl's behalf, the condition of the inhabitants could hardly be more completely one of slavery than it is to-day.¹

¹ English Land Restoration League, *Red Van Report*, 1893.

This description was written before the passing of the *Parish Councils Act* (1894). It is doubtful whether, in villages so organized, the Act has made much difference; for the same system, in essentials, persists. The Duke of Beaufort "owns" the village of Stoke Gifford in Gloucestershire (about 5 miles from Bristol) and has one of his houses there. He is Lord of the Manor. The only industry is agriculture, and, as the Duke "owns" all the land, every man, woman and child in the parish is absolutely at his mercy. The election of the Parish Council in 1895 was by a show of hands in a Parish Meeting, at which the Duke was in the chair. Three of the Duke's farmers and one labourer were elected by a show of hands to represent the villagers, who numbered 361 at the Census of 1891. The Council naturally chose the Duke as its chairman, and the Vicar (presented to the living by his "patron," the Duke) was sent to the Rural District Council. The parishioners elected as their Churchwarden Admiral Close, a local Tory, to whom the Duke objected, apparently on the ground of some difference of opinion about the restoration of the parish church. His Grace thereupon *gave all his tenants notice to quit*, which he withdrew only when Admiral Close, to save the helpless tenants from eviction, undertook not to act as Churchwarden, appointed a deputy, and promised not to attend any Parish Meetings called in reference to anything to do with the Church.

Even to this day, any Radical or Labour candidate for a rural area will know that, with the loss of their rights in the soil, the country work-folk have lost, not only their economic freedom, but also their political and sometimes their religious liberty. Long ago, Dr Hunter reported that "landlords and farmers work hand in hand. A few acres to the cottage would make the labourers too independent."¹ It is exactly what the Rev C. W. Stubbs discovered by experience when he promoted allotments in his Midland parish: but he would have omitted the qualifying "too."

What, then, would the taxation of land values do for the farmer? He is always complaining of his "burdens," but he seldom includes in the list of them the rent he has

¹ Quoted by MARX, *Capital*, I, 748.

to pay. Under the pressure of land monopoly, he is obliged to submit to the increase of rent in respect of his own improvements. A London printer, born on a Somerset farm which his father cultivated by the best known method, told how, at the end of a 21-years' lease, the rent was raised avowedly on account of the greatly improved condition of the farm. The farmer submitted for the sake of his two infant sons. Twenty-one years later, the same thing happened again, and Mr K. saw that his son's prospects were hopeless. He encouraged them to go to London. The West Country lost two good farmers, whom it badly needed, and a new printing firm was established in London, where printers were not exactly scarce.

With a National Tax upon all land values, and the adoption of the value of all land, apart from improvements, as the basis of Local Rating, the relations between the agricultural landlord and his tenants would be radically altered. For the pressure of the new tax and rate would be felt at once by the holders of unused or under-used land of every kind. The artificial market-scarcity, due to the withholding of land from use, would be relieved, and land for farming or market-gardening or fruit-growing or small holding or allotments, or any other useful purpose would become available to a much larger extent and at a lower price or rent. The farmer would have an alternative open to him if and when his landlord should try to penalize his good cultivation by an increase of rent, or to impose unfair conditions upon him.

Taxation upon land values would not be a tax upon agriculture or upon the working farmer. It would be a tax on, and by so much a deduction from, the rent which he pays for the use of land. Had Mr Snowden's Act of 1931 come into force, and had it applied to *all* land, the farmer, having paid the land value tax, would have had the right to deduct it from the rent he paid to his landlord (Section 20). As the land value tax would reduce other taxes by its own amount, the farmer would profit, in common with other citizens.

When land value is made the basis of local taxation, he will no longer be rated on his farmhouse, and he will be able to improve it, to extend it, or to replace it by a better one,

without being fined for doing so by increased assessment and rating.

The country districts, like the "East Ends" of the towns, will benefit by the redistribution of the burdens of taxation not only between class and class, but between district and district, between "town" and "country." For the land value tax will be levied, not only on farm-land, but on every sort of land that has any value at all, whether well-used or under-used, and even if it is not used at all. The farmer who has bought his farm, and must himself pay the taxes and rates on it, will benefit by a more just distribution of the expenses of government. He lives and works in a Parish, which is part of a Rural District, which is, in its turn, part of a County. He is liable to pay his share of rates for Parish, District and County purposes. The County contains also Urban Districts and Boroughs, all more densely populated and with very much higher land values than those of the agricultural villages. When the County Rate is partly or wholly levied on land values, all users of land, whether it is used for building, industry, mining or agriculture, will have their rates relieved at the expense of the land monopolists, especially of those who have kept valuable land idle. The high land values of the cities and towns will help to lighten the burdens of the agricultural population, which has helped to create them.

As Lord Bledisloe has testified, the taxation of land values will not hurt the enlightened and improving landlord who farms his own land, but it will give his merely rent-receiving neighbours an incentive to follow his example, and, under the gentle pressure of the tax, either to use the land themselves or to give place to those who will use it. With taxes and rates falling heavily on the high land values of their city lands, great landlords would promptly reconsider their policy of refusing to let their country lands for small holdings or other agricultural use, as some of them do now. If the Duke of Norfolk had to pay taxes and rates, not only on his agricultural lands but also on his enormously valuable estates in London and Sheffield, the labourers round Arundel could hope for access to land.

The rural labourer would also benefit. There is no known way of using land for productive purposes other

than the application of labour to it. The opening up of land, not now in full use, will be, in effect, a great call for labour. Land will become cheaper, not only for the arable farmer, the dairy farmer, the pig-breeder, the fruit-grower and the market-gardener, cultivating on a large scale, but also for the small man seeking a Small Holding, an Allotment, or a Cottage Garden. There need be no unemployment in the rural districts, and opportunities will be wide open for the return to the villages of many who have left them in comparatively recent times. Just as the competition of the landlords for tenants will reduce rents, the competition of the farmers for workers will raise the wages of labourers, and the revived activities on the farms will ensure plenty of business for the village tradesmen and shopkeepers, and the manufacturing and distributive industries of the towns will find new demands for their goods. Building land and building materials being cheapened, and rates reduced, the sanitary cottage, at a rent which the labourer can afford to pay, will come into the picture.

The Empire Development and Settlement Research Committee published on February 13th, 1934, a scheme for the redistribution of the population of the Empire under a Chartered Company, backed by the British Government's financial guarantee. It proposed to establish 40,000 settlers with their families (say 160,000 in all) in Canada and Australia at a cost of £1,000 a family in Canada. The talk is of millions idle in this country and huge areas of unoccupied land in the Empire. It would be interesting to know how many shareholders in the Canadian Pacific Railway, which holds immense areas of land in Canada, are interested in this proposal, and why there is no suggestion of finding work for the unemployed on the unused land in their own country. It could be done, without expatriating them at a cost of £50,000,000 as the Committee proposes, and without any Government guarantee, by taxing and rating land values.

Though the "closer settlement" of our own rural districts, which would restore life to our depopulated and debilitated villages, may appear to be mainly the concern of the country rather than of the town, it has been dealt with at some length here because of the writer's long-

standing conviction¹ that the collapse of our agricultural economy is a matter of very grave import to the towns.

Since 1851, when the population of England and Wales was almost equally divided between urban and rural, every succeeding Census has shown an increase of the "urban" population at the expense of the "rural." The great towns have grown far too rapidly. The number of persons "engaged in agriculture" has alarmingly decreased. The area of the County of London appears to be filled to "capacity," and has, of late, even decreased somewhat; but the real London, which is much larger than the Administrative County, has grown enormously on its outer edges. Dr. Ogle, the eminent statistician, a generation ago,² after a thorough investigation of the Census papers for the agricultural County of Huntingdon, showed that the evil lies, not so much in the number of those who leave the villages for the towns, great as that is, as in their character. "The cream of the rural population . . . the most stalwart of the natives of the country are dispatched annually to the towns and manufacturing districts, and swallowed up by them as by another Minotaur." The home market for the products of the industrial districts is depleted of their best customers, who come to the towns and manufacturing centres, where they become dangerous competitors in the labour market, especially for all jobs of laborious "unskilled" work; the more so as they come from places with a low standard of wages. The bearing of these facts upon the problem of unemployment in London is obvious.

Mr Ben Tillett told the House of Lords Committee on the Sweating System that "for every acre of land that goes into disuse, we get someone up here"—at the London Docks—competing at the Dock Gates for casual jobs of laborious work at a pay that was only raised to 6d. an hour as the result of a great strike. The Rev. Harold Rylett, an old friend of Henry George, told the Lords how the grievously sweated wages of the toilers in the chain and nail industries of Cradley Heath were the outcome of country landlordism.

¹ See a series of articles in the *Church Reformer*, January, 1891, to January, 1892.

² *Journal of the Royal Statistical Society*, January, 1889.

Much later, at an official inquiry into railwaymen's wages, the representative of the railway companies claimed that the wages of the lower grades of workers on the lines should not greatly exceed those paid in the villages from which most of them came.

That this influx of countrymen into the towns, and especially into the East End of Greater London, has had its effect upon unemployment, wages, rents, overcrowding and health, goes without saying. The Royal Commission on Housing (1885), the Lords' Committee on Sweating (1888), the Royal Commission on Trade Depression (1885) and Charles Booth's *Survey of Life and Labour in East London*, about the same time, all bear witness to the facts.

In the *Final Report* (1886) of the Commission on Trade Depression, Mr Arthur O'Connor, M.P., made a *Separate Report*, tracing the depression in the agricultural, mining and manufacturing industries to landlordism.

The "expropriation of the peasant from the soil," as Marx would say, has had, and is having, tragic effects upon the mental health of large sections of the population. The villages have for long been robbed of the strongest and most enterprising of their youth: the weaker elements remain, and inter-marry more and more within the narrowing circle. For instance, Professor Cyril Burt has found that three surnames accounted for 70 per cent of the population of the Warwickshire village from which Shakespeare emerged.¹ Village life became more and more dull, more and more cut off from the main currents of our national life. This is especially true of the mountainous districts, whose physical conformation makes for the isolation of scattered communities. Long ago, after at least thirty years of rural depopulation, the Registrar-General called attention² to "the much greater comparative amount of idiocy and imbecility that exists among the natives of agricultural counties, and especially of such agricultural counties as are mountainous, than among the natives of manufacturing and mining counties." Meanwhile, the more stalwart of the peasantry, coming to the towns, add to the uncertainty of

¹ *Times*, October 26th, 1933.

² *Census of 1881*, Vol. IV (General Report), pp. 70-71; and see the Summary Tables in Vol. III, pp. xlv, xlv.

employment and the stress of life, with consequences to which Professor D. H. Henderson has recently called attention in a special article contributed to the *Daily Herald* (March 7th, 1934). He tells us that the number of patients in mental institutions increased from 1880 to 1920 by 468·3 per cent; that the Board of Control for England and Wales, with 146,000 certified mental patients under its care, has to make provision for 2,000 extra beds every year, and that "the rate of mental deficiency is higher in the country, but the rate of insanity is higher in the towns."

No doubt the motor bus, the cinema and the wireless are now keeping many villages more in touch with the outer world, but the effect of the long continued drain of their population will be long with us.

These sad facts afford one more reason why even in their own interest as townsmen, the urban voters should press for the taxation and rating of land values in town and country alike.

CHAPTER XI

THE BURDEN OF THE RATES

"A large number of honourable gentlemen of Conservative opinion have pledged themselves to the taxation of land values . . . as a substitute for our existing system of rating, which is a perfectly easy and rational proposition."—LORD ROBERT CECIL on Third Reading of *Finance Bill*, November, 1909.

"The fact is that it is even more important to levy rates on a fair and equitable basis than it is to reduce them in amount."—SIR EDGAR HARPER, F.S.I., F.S.S., late Chief Valuer to the Inland Revenue.

THE burden of the rates, in terms of money, is serious enough. The total amount of rates collected by the Local Authorities throughout England and Wales, in the year before the Great War (*i.e.*, the year ended March 31st, 1914) was £71,276,000, an average of 6s. 8 $\frac{3}{4}$ d. in the £ of rateable value. In the year 1932-33, the total collection had risen to £146,250,000, representing an average rate of 10s. 10d. in the £. In 1913-14, the payment per head of population was £1 18s. 11d. (£9 14s. 7d. for a family of 5); in 1932-33, it was £3 12s. 9d. per head (£18 3s. 9d. per family or 7s. per week).

The seriousness of the burden, especially upon poor workers and struggling traders, is shown by the fact that hundreds of householders and small shopkeepers are constantly being brought before the local Courts, and many of them sent to prison, for non-payment of rates.

Mr Kolthammer, in the pamphlet already referred to on p. 44, showed that the poor "not only pay a disproportionate percentage" of the food taxes. . . . "The lower the standard of comfort, the larger the percentage that is taxed"; he also adds that "those areas which find the compulsory local government activities most burdensome, and the optional ones, however desirable, most difficult (*i.e.*, where the rates are heaviest) are also the areas on which" the food taxes "fall most heavily." These injustices

have been greatly aggravated since he made his researches in 1913.

The "De-rating" legislation of recent years has done nothing to ease these burdens upon the poor; rather is the reverse the case. A statement by the Borough Treasurer of Poplar (July, 1931) shows that, in that very poor Borough, houses and shops, on which, in 1928-29, 39·01 per cent of the rates were levied, paid, after the de-rating, 52·7 per cent, and, after Revaluation, 53·87 per cent; while, in the same period, the proportion paid by factories, wharves, sheds, warehouses and hoardings decreased from 33·68 per cent, first to 18·58 and then to 17·37 per cent; The de-rating of industrial properties was so partial in its incidence as to increase instead of lessening a crying injustice. The Chief Valuer to the London County Council, a Special Committee of the Conservative Borough Council of Wandsworth, and the Lord Advocate of a Conservative Government,¹ have agreed in stating that, under the legislation of 1929, the benefit of the partial de-rating of some properties ultimately accrues to the landlord, just as did the "relief to the farmers" under the Agricultural Rating Acts. What is needed is the total de-rating of all buildings, industrial and domestic, accompanied by the assessment and rating of all land on its true value, as nearly as that can be ascertained.

The case against the levying of the rates upon an unjust basis is not merely that they "rob the poor because he is poor," by a direct attack upon his nearly empty pockets. Indirectly, but none the less effectively, our present rating system tends to rob him of many things more valuable than money; to deprive him of necessaries and comforts of life, of health of body and mind, and in some cases possibly of life itself.

The most elementary physical needs of man are food, shelter and warmth. If he is to keep a sound mind in a sound body, he must have also education, recreation and amusement.

In spite of all the talk about the necessity, in case of another great war, of growing as much food as possible in

¹ House of Commons, February 20th, 1929.

the homeland, the Government has, by completely de-rating agricultural land, made it a cheap and easy business to keep land out of cultivation at the will of the owner, while erecting tariff walls to keep out the food products of other countries. Even when such land was assessed only at half-rate, the Sleaford Assessment Committee,¹ on appeal by the Blankney Hunt, reduced the assessment of some of Lord Londesborough's land, which he had converted into fox-coverts, from over £1 an acre to 5s. an acre. Thus it became cheaper, so far as the rates were concerned, to devote the land to the sheltering and breeding of vermin than to put it to any sort of useful purpose. It goes without saying that the farmers in the Sleaford district, besides incurring the risk of having their poultry eaten by the foxes, their gates or fences broken, their crops ridden down, and their meadows torn up by the hunt, had to help in the good work of making up to the rating authority for the relief given to his lordship, who belongs to the class which demands, in the alleged interest of the distressed farmers, that a protective duty be used to keep out the poultry and eggs sent to us from Denmark, in order that this food may be produced at home. Some years ago, the present writer, standing in a foul slum on the edge of Cirencester, saw, over a low wall, a vast stretch of uncultivated land, stretching away to distant hills. On asking why some of this land was not utilized to provide homes and useful employment in growing food, he was told that it was "the meeting-place of three hunts!"

Some hint has been given in Chapter X of the very large amount of land in England and Wales that might, but for our land and taxation systems, be profitably used for food-growing. In Scotland, the case is even worse. It is not necessary to go back to the tragic story of the infamous Sutherland clearances, still unforgotten in Scotland and in the countries to which the peasantry were driven by force of arms and by fire. A Parliamentary Paper [No. 538 of 1913] reported that the area of the deer forests and other lands exclusively devoted to sport was no less than 3,599,744 acres.² When the late Leonard Outhwaite

¹ *Yorkshire Post*, April 9th, 1912.

² Nearly one-fifth of the total area of Scotland (19,070,466 acres).

visited Scotland,¹ he found almost everywhere, on wide stretches of land devoted to sheep and deer,² evidence of former cultivation by the sturdy Highland folk, whose descendants are to be found in Glasgow, in London, in the Dominions and in many other places. The records of the Scottish Land Courts abound in cases of crofters, who still try to get a living from their native soil, appealing for reductions of rent or for remission of arrears on the ground that their crops have been eaten by deer or rabbits or grouse. The crofters could write a moving commentary on the text: "Much food is in the tilled land of the poor; but there is that is destroyed by reason of injustice." (*Prov.* xiii, 23, R.V.).

Attention has already been called³ to the very large amount of so-called agricultural land within the boundaries of our cities, towns and urban districts, as revealed by Mr Outhwaite's Return. Jakob E. Lange refers to it as an illustration of the bad effect of any growing town on the surrounding land. "Even the casual traveller," he writes, "cannot fail to see how derelict farmsteads, waste land and untidy crops, instead of gardens and flowers, signal the approach of a city."⁴

This condition of things is made easy, and indeed profitable, by our present rating system, under which this suburban land is entirely de-rated if it is kept waste or used for a pretence of agriculture. The owners are withholding it from its best use for speculative reasons, while it is "ripening for building." They know that the housing needs of the town are growing, and with them the building value of this land. If the land were rated on its selling value, and buildings were de-rated, it would no longer "pay" to keep it out of use, and building sites would come earlier

¹ *Deer and Desolation : The Scottish Land Problem.* *Daily News* penny series, No. 14 (1911).

² These lands are assessed at a very low figure. But when Mr Adamson, Secretary for Scotland, was asked why no part of the large quantity of land reported by the Committee on Deer Forests as suitable for Small Holdings had been made available, he replied that the answer simply amounts to this, that it costs too much money. (House of Commons, May 27th, 1924.)

³ Chapter IX, pp. 101, 102.

⁴ *A Danish View of British Farming* (1928), p. 39.

into the market and at cheaper prices. Nor is there any good reason why some of this land should not be used for market gardening or glass-houses, so that food may be produced, as is done by the *maratchers* of the suburbs of Paris, close to the population that needs it and thus within easy reach of a good market. Yet much of it, owing to our rating system, is kept for long periods in a condition which permits neither the production of food nor the provision of houses for the nearby townspeople.

It is necessary to emphasize once more the fact that the rating of land values means the de-rating of houses and all other improvements. The politicians who were eloquent about the horrors of overcrowding in the slums are curiously silent about the one effective proposal which would promote the building of the better houses, so urgently needed, by such a change of the basis of rating, as would make land cheaper by rating it and make buildings cheaper by unrating them. Only thus can the ring of land monopoly, which strangles the orderly development of our towns be broken, and the provision of cheaper and better houses be ensured.

The withholding of all this valuable land from use means widespread unemployment, and unemployment means not only poverty for its victims, but also low wages for those employed in the industries affected by it. It is precisely on the wages of the poorest people, and on the welfare of the poorest districts, that the burden of rent and rates presses most heavily. The workers mostly live in the outskirts of the towns. On the houses in which they live the rates are levied on the basis of the composite value of land and house. In the outskirts, the value of the site is comparatively low, and the value of the house forms by far the larger portion of the composite value. Quite different is the case in the centre of the town where, in the case of a large city, building plots may be so costly that it would often be difficult to erect a building of greater or even equal value with the site. Proportionately, the dwellings of the poor are taxed more highly than the buildings occupied by the wealthy, just as an increase of the price of bread or of bacon, due to tariffs or other governmental

interference with freedom of exchange, falls most heavily upon the poor, for whom these are staple foods.

Attempts were made in London to alleviate this injustice by means of an Equalization of Rates Fund, which levies the wealthier Boroughs for the relief of the poorer ones. Its effect, at the best, could only be to establish an equal pound-rate for the City and all the Metropolitan Boroughs. But, so long as the present unjust basis of assessment persists, that would not mean equal justice all round. The true remedy would be to make the rates everywhere proportional to land value. The "Parishes of the Poor," where municipal services and social amenities are meagre, and the "Cities of the Rich," where every kind of municipal luxury is available, would then in each case pay for what they are actually enjoying. The central areas of the towns with their great business opportunities, and the "West Ends" with their opulent municipal and social advantages would pay more, and the poorer suburban communities and the "East Ends" would have their local burdens reduced at the cost of the central land values which they help to create and maintain.¹ In every area, the bringing in, as contributory to the rates, of the values of waste and agricultural land and minerals and of the sites of unoccupied buildings, would lighten the burdens of the County rates and of every Urban and Rural District within the counties.

It is clear, then, that in respect of food and shelter, and of the wages to pay for them, the workers are gravely prejudiced by our present system of rating.

The capital of the Empire upon which "the sun never sets" has its slums upon which the sun never rises. In many of our large towns thousands of working folk are living in back-to-back houses. Whole districts are overcrowded with houses lining narrow streets, and many of the houses are grievously overcrowded with inmates. Large houses, formerly occupied by well-to-do families, are now slum dwellings, with a family on every floor (including the basement) and sanitary accommodation sufficient for one family only. Houses condemned by the Sanitary

¹ A similar adjustment of inequalities of burden as between the poor agricultural areas and the wealthier towns would be effected by a national tax on land values—a kind of national land value rate.

Authority as unfit for human habitation are still occupied year after year because the unfortunate poor can find no alternative accommodation. Window-boxes sometimes make a pathetic effort to atone for the absence of gardens, and, in spite of all the hostile conditions, heroic women often wear themselves out in the effort to "bring up their families respectably," even in slums. Heavy costs are thrown upon the Sanitary and Education Committees of the municipality and upon the Hospitals by some of the results of compelling men and women to live and to bring up their children under slum conditions. It would require a new calculus to express the full results in terms of human misery, illness of body and mind, waste and crime, for which landlordism and an unjust rating system are responsible. Nor is the evil confined to large towns. There are cottages without a patch of garden ground just outside the walls of Lord Bathurst's Great Park at Cirencester, and people living in slum courts off the High Street of Marlborough.

Sydney, capital of New South Wales, is peopled by men and women of our own blood who took with them to Australia the English rating methods to which they had been accustomed. They have shown us what can be done for housing and means of recreation simply by adopting land values as the basis of rating. Alderman Firth,¹ Mayor of Streatham, one of the Metropolitan Boroughs of Sydney, told us, when on a visit to England a few years ago, that under the Building Bye Laws which the rating of land values enabled the Borough to make and enforce the normal site for dwelling houses—detached, as terrace houses are not permitted—has a 50-feet frontage, a depth of 140-150 feet, and a 10-feet space separating each house from its neighbours. "Each house," as Mr Firth put it, "has God's fresh air and sunshine all round it," with practically an allotment at its kitchen door. A builder developing an estate is limited to 5 or 6 houses to the acre, and has to set aside a certain proportion of the area as a recreation ground for his tenants; he often exceeds the prescribed proportion, because he finds that it pays him,

¹ *Land Value Taxation in New South Wales.*

in the form of easier lettings or sales, to do so. The density of population in the centre of Sydney has been reduced, and the people have been spread out into the suburban boroughs. If it be objected that this kind of thing would be impossible in London and our older towns, the reply is that the drastic taxation and rating of land values would bring about a redistribution, both of population and of land values, and that there is still an abundance of land upon which the experience of Sydney could be repeated here.

As our towns grow, eating up the surrounding fields, the need of parks, public open spaces, playing fields and open-air swimming pools within or near the towns, becomes more and more urgent. If all land had been rated on its full value Lord Mansfield's trustees would not have been able to hold out for and to get 227 years' purchase of the rateable value of Ken Wood,¹ when it was acquired as an addition to Hampstead Heath. Nor would the Edmonton Urban District Council have had to pay about £1,000 per acre, in 1933, for land at Bury Street which they could have bought a few years earlier, when they did not want it, for £300 an acre² (N.B.—In the meantime, a new main road had been made near the site). Hendon, a rapidly growing suburb of London, had to pay £312,000 (over £414 per acre) for 753 acres for an open space in what was till quite recent years an agricultural district.³

Indoor as well as open-air facilities for recreation and amusement are necessary in our English climate. The hardest workers, who have the greatest need of rest and change, are usually those who can least afford to pay for them. The cost of a visit to the play-house or "the pictures" is increased by the Entertainment duty, which the *Times* says is "not bad in principle," drawing an amusing letter from Mr A. P. Herbert, who points out that a tax on newspapers would be equally justifiable (*Times*, April 2nd, 1934). The objections to such a tax are recognized by

¹ Assessed at net annual value of £1,498; priced at £340,000 for public open space.

² *Tottenham Weekly Herald*, September 1st, 1933. The Council promptly passed a Resolution calling for the Taxation of Land Values.

³ *Star*, December 24th, 1933.

theatre proprietors and playgoers alike. It is also becoming understood that the landlord and the rate collector are levying a very heavy tax on the producers of plays and films and on the promoters of concerts, who, of course, have to pass it on to those who assist by their presence at the performances. The London County Council, in its wise care for the safety of the audiences, very properly imposes stringent conditions on the builders of places of public amusement. There must be abundant means of exit : so that the building can be very rapidly evacuated in case of an alarm of fire. An island site would, of course, be the ideal one, as it would allow for public exits on three sides. A corner site, with exits into two thoroughfares, is almost imperative. Most of the principal places of amusement in London are found within a short distance of Charing Cross, and within this area such sites are not numerous. The buildings, which again have to meet the reasonable requirements of the L.C.C.'s bye-laws, are costly to erect. So the lessees have to pay enormous rents, and upon these rents the assessments to the rates are based. Mr Hesketh Pearson, some years ago, stated that the rent of a certain West End theatre, the seating capacity of which was £250, was £300 a week. Quite recently, in reply to Mr St. John Ervine's complaint that theatre seats were too dear, Mr Sydney W. Carroll replied¹ that "the problem is not in the least complicated. Whether theatres are old or new, if they are within an easy radius of Charing Cross they are certain to be expensively rented or leased and certain to be heavily rated."

The best friends of the stage and the silver screen deplore the bad effect of these charges upon the character of the entertainments provided. The high standard of the dramas and operas staged at the "Old Vic" and Sadler's Wells in London, and the low prices charged for admission, are only made possible by voluntary subscriptions and grants-in-aid. The rating of land values would give us cheaper theatres, in which better entertainments could be given at cheaper prices, within the reach of hard-working folk, who would be better able to frequent them, because of the general improvement in social conditions.

¹ *Daily Telegraph*, March 8th, 1934.

Education suffers also under the existing conditions. The cost of schools, like the cost of most public buildings, is enhanced by the high price of land. The cost of land for schools has risen greatly in recent years. For instance, the site of the Fox L.C.C. elementary school was required in connection with the widening of Church Street, Kensington.¹ The cost of the new site in Edge Street, was £9,000. So costly is land in some of the overcrowded districts of London that, in some cases, it has been impossible to provide a play "ground" for the children except on the roof of the school, among the chimney pots.

The conditions under which children are forced to live in slum areas unfit them to take advantage of the education provided for them. The present writer had experience many years ago in a Bethnal Green School which drew a considerable proportion of its scholars from the Boundary Street area, which, a few years later, was declared by the newly-created London County Council to be the worst slum in London. These little victims of an unjust system were all but unteachable. Ill-fed, badly clothed, living under crowded conditions in houses unfit for human habitation, never getting healthy sleep, verminous to an almost unbelievable degree, they passed out of the infant school at the age of seven, too hopelessly ignorant to satisfy Standard I requirements. Even if able and willing to profit by their schooling, they had no facilities in their "homes" for home-lessons. It is not the slum children who usually win Scholarships. In the working-class North Camberwell Division there are 13 elementary schools with 8,776 scholars. In the year 1933, eighteen scholarships (1 in 487) were won by children in these schools. In the better-off Dulwich Division nearby there are six elementary schools with 5,292 scholars, and 41 scholarships (1 in 129) were won by children in these six schools.²

Every teacher in an elementary school knows by sad experience how large a proportion of the Education rate and of the efforts of the teachers is wasted, not only because of absence through illness, but also through the lowering

¹ *Minutes of the Education Committee, L.C.C.*, July 18th, 1934, p. 305.

² *London News*, May, 1934.

of bodily and mental vigour due to the conditions under which so many of the children live. The London County Council has been the London Educational Authority for a third of a century. Dr James Kerr, Medical Officer (Education), told the Council in his Annual Report for 1911 that "during the ten years I have been in charge of the medical supervision of the London elementary schools a third of a million has actually been paid out for the education of children who died of tuberculosis before they were out of their teens" (p. 20). "The causes of most of the debility and ill-health seen among school children are the social conditions arising from sweated land, bad housing and hopeless poverty" (p. 20). The tendency to tubercle, whether inherited or due to infection, he traces to the same causes (p. 23). Thirty per cent of the children suffer from tonsillitis and adenoids (p. 11); 80 to 90 per cent from dental caries (p. 11); scarlet fever (p. 35), measles (p. 41), semi-blindness (p. 66), the ravages of catarrhal germs (p. 10) are all due to or aggravated by the same conditions. Care Committees and School Clinics may do much to help these multitudes of young sufferers, but they do nothing to remove the causes of their sufferings. Dr Kerr is clear and emphatic in his repeated statements as to these causes:—

"The conditions of life imposed by low wages and scanty living rooms." (p. 23.)

"Room to live on the land is the principal need; house room and all that it connotes; school room; free spaces of land for ventilation; pulling down buildings to provide opportunity of free play for children; the provision of chances of cleanliness and the tonic effects of school baths." (p. 11.)

"Want of living room, which when seen in aggravated conditions is called overcrowding." (p. 35.)

"The younger the family, the higher the death-rate is likely to be, and this, as well as contact, is a partial explanation of rates [of deaths from measles] in one, two or three-roomed houses." (p. 41.)

and more to the same effect.

Dr Kerr's report sheds some light on the results to children and their parents, in the forms of misery, sickness, bodily and mental debility, infant mortality and premature death of adults, which flow from land monopoly and an unjust basis of rating. That the victims of long-continued

injustice sometimes make their protest by way of vice and crime is not surprising.

One more instance of the way in which unjust rating may imperil human life must be recorded. It was given by Mr Charles E. Price, then M.P. for one of the divisions of Edinburgh, at a Land Values Conference in London in October, 1912. Mr Price was a member of the well-known firm of McVitie and Price, and was for some years Chairman of the Land Values Parliamentary Group in the House of Commons. He said :—

“ When I first went into business, we inquired as to the value of the land in Edinburgh, and we found that it was then let at £40 an acre. We were at once informed that the value of the land had increased to £60 an acre. . . . We were compelled to take it. The moment we did so, land on the other side of the street became £200. After we had been in business for some years, we had the great misfortune to have our factory burnt down. We took another factory ; we took a factory in Yorkshire ; we took another factory in Edinburgh. The flues fell in at our factory in Malton, and it came to a standstill ; the second factory was burnt down. Within six weeks we had three factories on our hands, idle at the same time. . . . The result was that we decided wherever we had a wall in the factory, we should run it right through the roof ; we should put in double iron doors ; we should put in flues and sprinklers wherever we could in that factory. We spent thousands upon thousands of pounds in making a factory such that it could never again be wholly burnt down. . . . The assessor said to us : ‘ How much money have you spent ? ’ We told him that was our business. ‘ Nothing of the kind. You must tell us what you have spent.’ We told him : ‘ Five per cent on that is your assessed value.’ . . . Why, it was a fine on every virtue. It means that everything you are doing to meet the conditions of the people you employ, putting them into a satisfactory condition, was going to be fined. . . . We also held land which was unoccupied, and which was actually rated at less than agricultural value. That experience converted me to the principles of Taxation of Land Value.”¹

The efforts of Mr Price’s firm to safeguard the lives of their employees against danger from fire, were rewarded by a steep increase in their assessment to the rates. This is certainly not the way to encourage other employers to spend large sums on making their factories safe for their workers.

¹ *Land Values*, November, 1912, p. 287.

CHAPTER XII

SOME OBJECTIONS CONSIDERED

"The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. . . . But it will find friends—those that will toil for it ; suffer for it ; if need be, die for it. This is the power of Truth."—HENRY GEORGE, *Progress and Poverty* (concluding chapter).

"Macaulay somewhere says that if the admission of the attraction of gravitation were inimical to any considerable pecuniary interest, there would not be wanting arguments against gravitation."—*Ibid.*, Book VIII, ch. IV.

It is not surprising that the proposal of such a far-reaching reform, for which its advocates make such high claims, should call forth doubts and objections, and that these should come, not only from those who regard themselves as threatened with the loss of privileges to which they think themselves entitled by moral right as well as by long prescription, but also from men of good will who feel that the contemplated change might not be in all respects for the common good. Some of these objections are due to a failure to remember that the tax on land values is not proposed as a new and additional tax, but a tax in substitution for existing taxes that penalize industry, improvement and thrift. Some of them are mutually destructive and "cancel each other out."

Every advocate of the Taxation of Land Values is familiar with the question : will not the tax be shifted by the landlord on to the tenant or user of the land by an increase of rent ? Such a question comes naturally enough to people who have lived all their lives under a system of taxation which imposes tax after tax on manufacturers, importers or distributors with the knowledge and the intention that it will be passed on to their customers. Something has already been said on this point.¹ It may be added here that this objection to our Reform is, like some others, unintentionally refuted by our opponents, who complain that

¹ See chapter V, pp. 50, 51.

such a tax, by bringing into the land-market large quantities of land now withheld from use, will lessen the value of their "investments" by reducing the rent or price of their land. That is to say, they agree with the unanimous verdict of the economists that a tax on land values cannot be "shifted." It stays where it is put. There has never been any answer to the question : Why, if it is quite easy for the landlords to escape the tax by adding it to the rent, do they spend such large sums of money, and such a vast amount of organized effort, in resisting its imposition ?

But, if the taxation and rating of all land on its value brings so much land into use, will this not lead to over-building in our towns, the obliteration of open spaces, the erection of sky-scrapers? Those who raise this objection overlook the facts that, in London, for instance, where the danger might seem greatest, there are the Building Bye-Laws of the L.C.C. limiting the height of buildings; that the subsoil of the Thames Valley is very different from the rocky foundations that carry the sky-scrapers of New York; that sky-scrapers are built on very dear land, and that the taxation and rating of land values will make land cheaper ; and that, in New South Wales, where rating is almost entirely on a land value basis, no such ill-effects have followed. The sky of the Metropolitan City of Sydney is still unscraped. It is under the present system of rating that, in this country, the mass of the workers have been housed in terrace houses with mere patches of garden, or in tenement blocks with no gardens at all. The effect of land value rating, the cheapening of land and of building materials, will give them better houses with larger gardens.

But why, it is sometimes asked, single out one class in the community for special taxation ? The answer is that no advocate of our Reform proposes to do anything of the sort. It is proposed to take for the use of the community a great fund which has been created, and is constantly being maintained and increased, by the community, *i.e.*, by every class, and should be used to defray the expenses of the community. This fund, instead of being paid into the National and Local Exchequers to meet the expenses of National and Local Government, has been collected by

certain citizens and converted to their own use. When taxation of land values reaches its logical conclusion and all the "economic rent" of the country is paid into the public treasuries, every citizen in every class will be paying to the State directly or indirectly, under the name of a tax, but really in the nature of a rent, in proportion to the share in the benefits of the gifts of Nature and of the "good government of the State" which are placed within his reach by his occupation of his particular plot of land.

The suggestion, sedulously put forward by some of the professed followers of Karl Marx, that the "single tax" is a scheme of the capitalists for shifting the burden of taxation from their own shoulders on to those of the landlords, is founded upon pure delusion. This sort of protest comes rather oddly from the followers of the author of the famous *Communist Manifesto* of 1847, which had as its first plank a demand for "abolition of property in land," which he said was the "basis" of capitalism, "and application of all rents of land to public purposes." There was little reason for it when only Marx's first volume was available. There is none at all since the publication and translation into English of the third volume of *Das Capital*.¹ Moreover, are not taxes on the owners of capital now passed on to the users of capital and the consumers of the goods which, with its aid, they produce?

One more protest against the alleged injustice of the reform to some landlords demands a brief reply. It is said to be unjust to tax landholders upon the full market value of holdings from which they are deriving little or no income because the land is at present being put to little or no use. There is nothing new in this line of argument. For instance the late Charles Bradlaugh, when M.P. for Northampton made several attempts (with the warm approval of John Ruskin)² to legislate against the keeping of land out of its best use. "*The Times* talked of 'downright plunder.' The

¹ See the extracts given above in chapter IV.

² When Henry George addressed a great meeting in London on January 9th, 1884, with Henry Labouchere, Mr Bradlaugh's colleague in the representation of Northampton, as Chairman Ruskin wrote "wishing Mr George all success in his efforts and an understanding audience."

Spectator was especially indignant on the score that 'great properties in the home counties, kept vacant in the hope that London will build on them, would be confiscated.'¹ The writers of these diatribes were ignoring the fact that the withholding of these lands from use was preventing the production of the food or building material which might have been extracted from them, or the erection of the houses which might have been built on them, and consequently the employment of labour upon them. The payment of a tax is but a poor recompense to the community for such social wrongs, inflicted upon a community in which housing shortage and disemployment have become chronic and acute. Such a crime against Society might be held to call for a much harsher penalty than even the exaction of a full rental payment to the State, for these withholders of the source of all wealth are, as it were, fencing an oasis against people who are perishing of thirst. Yet the demand is only that they should be treated exactly like other landlords. Although they may be deriving no present income from the land they hold, it has a value which has been created and is being enhanced by the presence, needs and expenditure of the surrounding population. The value is there, inherent in the land. They can, at any time, realise it by letting or selling the land to those who will use it for the employment of labour and the production of wealth. It should be unthinkable, in a civilized society, that landlordism should be allowed to go on manufacturing unemployment, poverty and slums.

When chattel slavery—twin brother of landlordism—came up for judgment, and its defenders had been beaten on every religious, moral and social ground, they produced the hard case of the poor widow who had only one slave, or a slave or two, to depend upon. Their sympathy was altogether with the widow, whom they put forward as the symbol of the "right" of one human being to "own" another. The idea that the "nigger" could have any right to himself found no place in their thoughts. So it is now, in the struggle for equal rights in the common heritage. The widow and orphan, the small freeholder, the thrifty

¹ JOHN M. ROBERTSON in *Charles Bradlaugh : his Life and Work*, II, 183.

member of a friendly, co-operative or insurance society are placed in the forefront of the army that is defending privilege in the hope that the attacking force may be compelled to sound the "cease fire."

W. S. Gilbert may have had some such idea in his mind when he wrote *The Pirates of Penzance*. His pirate captain was under a vow not to rob the orphan. The vow became known, and he discovered to his amazement that the British mercantile marine was apparently manned entirely from the orphan asylums. All the great landlords, who have inherited huge estates from their fathers, are plainly orphans !

A thrifty workman has bought through a building society a small suburban freehold house in which to live with his family. Do we propose to make the poor honest workman pay a tax on the capital land value of his holding? Well, why not? The value of the plot upon which his house stands is, in character though not in amount, as much a community-made value as the value of the Duke of Westminster's great estates. He has become the occupying-"owner" of a part of the nation's land, and should, as well as the Duke, pay his dues to the State. Again, why not?

Before he bought the house he could only have a home by paying a "rent" which included (a) rent for the site, (b) "rent" for the house (interest on cost of building), and (c) rates, based upon the sum of the two foregoing items. He has elected to capitalize (a) and (b) by buying the freehold. But there is no method by which he can capitalize (c) so as to escape paying the quarterly or half-yearly demand for rates. Moreover, he and his family cannot live in the house, or anywhere else, without paying taxes, direct or indirect, on most of his necessities, comforts and amusements. Then falls upon him the "blow" of the National tax of a few pence in the pound on the capital land value of his site ; a tax which, now being freeholder, he cannot deduct from any payment to a landlord. It is a payment justly due to the community which has created and is maintaining the value of the site ; and it would not be a very grievous burden, even if there were nothing to offset it. But the object

of the tax, which is falling at the same time upon much more valuable land in and near the centre of the town, is to make possible the abolition of some of the oppressive taxes, which increase the cost of living and make employment less certain and less well paid. When the amount of the tax is increased, further relief from other taxes will follow. When the Land Valuation is made the basis of local rating also, he will pay his rates on his land value only; the value of his house will become exempt from assessment and rating; and he will not be deterred from making desirable improvements or additions to it by the fear of an increase of his assessment.

But the value of his *investment* will be diminished under the new system? Admittedly: but he did not buy his house as an investment, but primarily for a home; and its value as a home will not be lessened even if its selling value has gone down. True, he may wish to sell his "property," because his family has increased and he needs a larger home, or because a change of employment compels him to live elsewhere; and, apart from any improvements he has made in the house, may have to sell it at a smaller price than he gave for it. Very probably; but, as the reform will have cheapened land all round, he will also get a larger house at a lower price than it would cost him now. A profit and loss account would certainly show a very substantial balance of gain under the new system of taxation.

A claim for exemption from land value taxation has been made on behalf of building, friendly and insurance societies, especially those of the "industrial" order, which have large investments in real estate and mortgages. So far as mortgages are concerned, there is no proposal to make them subject to such taxation: the mortgagee is no more the owner of the value of the land or house than a pawnbroker is the owner of the articles upon which he has advanced money: he has only a lien on them. If the mortgage is foreclosed, or the mortgagee is in possession and takes the place of the owner of the land value, he rightly has to take over the liability for the tax. The Societies do not speculate in bare land, but in land covered with houses, which, in the case of the small purchaser, are almost

invariably of far greater value than the land on which they stand. The owner of house property and the members of the Society will profit, as already shown, by the great change in the basis of rating and by the remission of taxation on goods, etc.

Some years ago, when this question was being discussed in connection with the Lloyd George *Finance Bill*, a Liverpool Building Society issued a leaflet¹ claiming that taxation of land values, "by forcing land into use will make building sites and building materials cheaper . . . and render it much easier for people to become the owners of their own homes."

In a controversy with Mr E. G. Hemmerde, K.C., and Mr W. R. Lester, M.A., Mr W. G. Bunce, a Senior Trustee of the Hearts of Oak Benefit Society, stated that his Society, with a membership of nearly 300,000 and reserve funds of close upon £3½ millions, had £1,612,210 of this reserve invested in ground rents, upon the income (£61,987) from which a penny tax on capital land value would impose a burden of £6,100. *This works out at less than 5d. per member per annum* for National taxation. If the proceeds of the tax were applied in reduction of the Breakfast Table Duties,² Mr Hemmerde pointed out that the members would save a far larger sum on their grocery bills.

The "penny in the £" figures were used, of course, merely by way of illustration. The gradual increase of the tax, with progressive remission of existing taxes, would give these Societies plenty of time to adapt themselves to a changing social order, while the people, for whose benefit they exist, would be reaping the benefits of a just system of taxation in steadier employment at higher wages with increased purchasing power.

It is probable that some co-operators will make a claim for the exemption of their Societies from the new tax. Co-operative Societies are bodies of consumers, mainly, but not exclusively, working folk, organised in societies with "limited liability" for the distribution among themselves of goods which they purchase or manufacture or

¹ See *Land Values*, January, 1911, p. 183.

² Since the imposition of a horde of "protective" taxes this argument has been greatly strengthened.

import. Under the present methods of taxation they are hard hit as consumers,¹ as distributors, as importers, and as producers. They stand to gain under every head by a reform of national taxation; and by land value rating, for co-operative buildings—central, administrative, educational, distributive and productive—are always substantial and frequently imposing.

If these Societies are to hold land free from the duties toward the State which landholding entails why not exempt other limited liability companies? Why not (say) the "Earl and Countess of Dudley, Ltd." Why not the Earl and Countess—without limitation? Why tax land values at all?

The objection has often been raised, that, supposing that the land values tax becomes the only "tax," taking for national and local purposes the whole of the annual value of the land, its proceeds will probably not be sufficient to cover the whole of our national and local expenditure.

The main question, therefore, is whether we can raise by the "Single Tax" enough money to pay the (more than) £700,000,000² which is now collected from the people of Great Britain by a multiplicity of taxes. The fact that no complete valuation of our land has yet been made, and that any estimate can only be guess-work, makes it impossible to state the reply in definite figures. But, if the arguments already advanced have any validity, there will be no need to raise anything like the colossal amount which is now squeezed out of a long-suffering population.³

The replacement of all the existing taxes by one single charge—call it tax or rent, as you will—based upon a standard valuation, would obviously mean an immensely reduced cost of tax collection. The costly and irritating

¹ The Co-operative Wholesale Societies distributed 116,000,000 lbs. of (taxed) tea in 1933. The savings of the Co-operative movement by the abolition of indirect taxation of this sort would be colossal.

² The total National Revenue 1934-35 was £804,629,000, of which (including net Post Office profit and taxation, described as "self-balancing" for the "Road Fund") £722,062,000 was raised by taxation. Rates collected (Great Britain) £171,874,000.

³ See *Light on the Land Question*, pp. 28 ff.

inquisition into the citizen's private affairs, necessitated by the excessive complications of the Income Tax Acts would no longer be needed; nor would the elaborate organization now maintained at great expense, not only to collect the duties of excise and customs, but also to prevent the evasion of their payments by the smuggler and the shebeen-man. When the root-cause of the two great domestic evils—disemployment and housing shortage—has been destroyed, the Unemployment Fund and Subsidies for Housing—will be progressively reduced and finally cease to be burdens upon national resources. The charges upon the State which are, directly or indirectly, due to land monopoly and its twin evil, unjust taxation—poverty, slums, sickness, vice, crime—will be abated; again to the relief of the Exchequer (and of the rate-fund); and so on.¹

A large part of the terrible increase of public expenditure since the Great War has been due to the burdens resulting from past wars and the preparations for future ones.

In feudal times, when the King waged war, the Crown's tenants-in-chief were responsible for furnishing the means, by personal service or in money and equipment. It was not till the landholders rid themselves of the obligations under which they held their estates that any other arrangement came to be considered necessary. Those who held the land in this country were expected to regard it as a "country worth fighting for." William III partly restored the feudal dues, but not to an extent sufficient to cover the cost of his wars. Thus arose the National Debt: one of the very few public institutions to which the adjective is always applied. In 1697, it had reached what was then rightly considered the alarming figure of £5,000,000. It has increased, through other wars, to £769,541,000 in 1867, and stood, in the year of Grace, 1934-35, at nearly ten times as much, *viz.*, £7,679,000,000. The service of the Debt, which we, its bond-slaves, have to render in payment

¹ The latest official return of the cost of the "Social Services," largely necessitated by the poverty of the people, states that in 1931-32 the total of such expenditure in Great Britain was £490,000,000 (rates and taxes) equal to more than half of the total raised for all purposes in the whole country.

of interest and usually a small repayment of principal, absorbs something like a third part of the taxes we have to pay. Those who protest, as we Henry George men do, that bygone Parliaments of landlords had no right to legislate so as to deprive future generations of their rights in the land of their birth, may well doubt whether bygone Parliaments were justified in carrying on wars, in pursuit of purposes which in many cases were soon found to be useless or actively mischievous, and to impose their cost as a perpetual burden upon future generations. An enormous addition was made to the Debt as the result of the conflict of 1914-18. Much of the money was spent in the feverish manufacture of munitions, which were intended to be almost immediately destroyed in the process of destroying the lives and property of other peoples. It is doubtful whether governments would be allowed to go to war if it were imperative that the costs should be met as it were in "spot cash," without creating a public debt; for that would mean the conscription of wealth as well as of man-power. In the seventeenth year after the Armistice, it is still a scandal that appeals should have to be made for jobs for ex-service men who are out of work, while many who stayed at home during the War, are enjoying secured incomes from interest on War Loans.¹

The conversion of the Debt at a very low rate of interest, and the rapid extinction of the principal, would find very general support as soon as the land value fund—shown by history to be the proper resource for such a purpose—becomes available. But there are many who would favour the idea of repudiation.²

Some such suggestion has been frequently made in connection with another debt. During the War, our Government borrowed very heavily from the United States, mainly on behalf of our Allies, who are now unable or unwilling to repay us, while our transatlantic creditor is asking repayment, at least in part. Payment of such large sums by the actual transfer of money or gold is neither possible nor desirable nor desired. Accounts between nations are

¹ Estimated expenditure on "Debt Interest and Management," in 1934-35, £224,000,000.

² On Public Debts, see HENRY GEORGE, *Social Problems*, ch. XVI.

normally paid by the transfer of goods. In face of the curious belief that the sending of goods into a country is an unfriendly act, to be prevented, or at least severely restricted, by tariffs, the question of paying off such a debt is still further complicated. If the payment is to be made tariffs must go ; and the only alternative to them, other than new taxes upon trade and industry, is a tax on land values.

The Reform which we advocate, rightly understood, should make a very wide appeal. The abolition of unjust taxation and the restoration of economic freedom by the break-up of land monopoly offer to every section of reformers the fulfilment of their legitimate aims by a method easier and surer than any other that has yet been proposed. The attempts to solve the two desperately urgent problems of unemployment and housing shortage by treating them as separate problems has failed, because it has not been realised that these social evils are merely by-products of the fundamental wrong of land monopoly. Trade depression persists because the land, from which all the raw materials of industry and commerce must come, and upon which all the processes of production must be carried on, is monopolized in all the countries that call themselves civilized.

CHAPTER XIII

A NEW DOOMSDAY BOOK

"The foregoing shows the necessity of introducing a new system of taxation according to such a standard that all the lands of the proprietors, without distinction, would be equitably assessed. . . . If, in this way, the almost infallible standard for meeting the necessities of the State by means of a land tax is found, all other imposts, especially the duties on commodities and the salt tax, must be abolished; . . . and free trade in raw materials, and free manufacture of all necessities of life, in towns as well as in the country, without privilege . . . would have to be conceded. Such an institution, which would set all industry free, could not do otherwise than give an extraordinary elasticity to the nation."—From a draft for a Tax Regulation Law, proposed by the Emperor Joseph II, quoted by DR ALBERT JAEGER in *Oesterreichische Geschichte für das Volk*, Vol. XIV, "*Kaiser Joseph II und Leopold II; Reform und Gegenreform* (1780-1792)."

"Ce n'est que la premier pas qui coûte."

THE indispensably necessary first step towards making the Taxation of Land Values part of our Statute Law is the Valuation of all the Land in Great Britain apart from any improvements existing on or in it: to ascertain what is called in the British Dominions the "unimproved value of the land." To ensure the passage of such a Valuation into law, it must be linked with some provisions for imposing taxation on the land so valued, in order to secure the Speaker's certificate that the Bill is a "Money Bill" and make it safe, under the Parliament Act, against mutilation or rejection by the House of Lords. The natural result of this is that the proposal of a Valuation is embodied in a Budget and implemented by a Finance Bill.

In his *Finance Act* (1909-10) Mr Lloyd George provided for a Valuation of all land and imposed certain "Duties on Land Values." The Act was repealed by the Coalition Government after the Great War, and certain moneys, which had been paid under its taxing provisions, were returned to the payers.

Mr Philip Snowden passed a measure for Valuation and

Taxation in his first *Finance Act* of 1931. A few months later, a new Government "suspended" the Valuation, on the ground of economy, and dismissed the temporary staff of valuers. In the spring of 1934, Mr Ramsay MacDonald's "National" Government, without any pretence of a mandate from the electors, repealed, in their *Finance Act*, 1934, the land value taxation sections of the *Finance Act*, passed by Mr Ramsay MacDonald's Labour Government, in the spring of 1931.

Land Valuation. The preliminary objection that land *cannot* be valued apart from its improvements has lost all its force, if it ever had any. The practice, which has prevailed in this country for centuries, of taxing and rating real property on the composite value of land and improvements has inspired the fear of some, and the hope of others, that the difficulty of separating the two values would prove insuperable. Yet one remembers that many years ago a highly reputable firm of land agents staked their reputation in an advertisement on the statement that the value of the land upon which stood Queen Anne's Mansions, on the edge of St. James's Park, was so-and-so. This was, at the time, probably the most highly developed site in London. Separate valuations of land are being made every day by land agents in the ordinary course of their business, and are imperative under the latest schemes for slum clearance. It is in fact easier to value land than to value the composite "property" for rating purposes. If land can be separately valued for taxation purposes in New South Wales, in Denmark, in Greater New York, and elsewhere, the same thing can surely be done in England and Scotland and London, or in any other civilized community.

The "great cost" of Valuation has been the constant objection of the opponents of the taxation for which it was to provide the basis. In any case, the *first* Valuation of all the land in Great Britain must necessarily cost a good deal of money, the expenditure of which is strongly objected to by the sort of people who cheerfully face the very heavy cost of levying "protective" and other indirect taxes, on a great variety of goods,¹ but who dislike the idea of a tax

¹ Estimated cost of Customs and Excise (1934-35), £5,072,000.

which would set the people free from land monopoly. Later re-valuations will prove far less costly. The annual re-valuation of land *and improvements* (separately) in Greater New York is carried through, smoothly and effectively, once every year, at a very small cost compared with the values registered.¹ There is no need to incur the expense of a valuation of improvements for the purpose of a land value tax.

The Financial Memorandum to the *Finance Bill*, 1931, stated that the cost of the first Valuation was estimated to be not less than £1,000,000, and that it might approach £1,500,000. This cost was evidently due to the necessity of setting up the required organization and of collecting essential data. It would, in fact, be largely a capital expenditure the benefits of which would be spread over many years. The cost of subsequent Valuations was estimated to be about £165,000 on each occasion.

It stands to the credit of Mr Snowden that he almost completely avoided the kind of complications in which Mr Lloyd George indulged in 1909-10. His introduction of a separate "cultivation value" for agricultural land is, therefore, all the more to be regretted.

Under Sect. 28 and the Second Schedule of the 1931 *Finance Act* (which have not been repealed) the Land Valuation Department is continuing to collect information about transactions in land, which, although wanted by the Chancellor of the Exchequer for other purposes, will greatly facilitate the making of a Valuation when his successor re-enacts the taxation of land values.

It is sometimes still suggested that the time necessary for the completion of the Valuation might be greatly shortened by calling upon the landlords to "make their own valuation."

It is very doubtful whether an "Owners' Valuation" would save much, if anything at all, in the way of time or expense; the experience of Australia is far from encourag-

¹ The average cost of assessment per parcel of real estate was, in 1913, \$1.00, and the cost of assessment per million dollars of taxable real estate was \$72.00. The comparable figures for 1933 were \$1.32 and \$58. The cost would, of course, be considerably less if the valuation were confined to the value of land alone.

ing.¹ A very large number of landlords would have an honest difficulty in the case, for instance, of covered land, in disentangling land value from improvement value. There are certain facts as to ownership, payments, etc., which anyone who claims to hold any estate in land can give, and may reasonably be asked to give, as to his holding. Upon these, the official valuer, with the other information at his disposal, can arrive at a just assessment of the land value.²

Provision was made in the 1931 Act for the deposit at the offices of each County and Borough Council of the completed Valuation Register for its area (Sect. 12 (2)); the Register to be open to any "owner" for inspection.³ It is to be hoped that, in any future legislation, provision will be made for the publication of Land Value Maps, such as have proved so useful in Denmark⁴ and New York.

The first Valuation, based on a definition of land value free from unnecessary complications, with some shortening of the periods for deposit and appeal, could be sufficiently advanced by the first day of January next after the passing of the Budget to enable the tax to be collected within the same financial year. It can only be made on the basis of present conditions in the land market, and will unavoidably include a good deal of speculative value. As the effect of the tax will be to redistribute land values to a considerable extent, and to "squeeze the water" out of values that have been inflated by speculation, a re-valuation at regular intervals⁵ will be necessary.

¹ See *Land & Liberty*, April, 1924, p. 65.

² Under Mr Snowden's Act the "owner" might give his own valuation, and the Commissioners were bound to consider it. [Sect. 11 (5).]

³ This is not quite good enough. The *provisional* valuation should be deposited, and should be open to inspection by any member of the public.

⁴ A section of a Danish land value map was reproduced in *Land & Liberty*, April, 1928. It has been reprinted, with an explanation, as a leaflet, by the United Committee for the Taxation of Land Values.

⁵ In Denmark every fifth year; in New South Wales at least once in every three years; in New York annually. The 1931 Act proposed Valuations in 1932, 1936, and thereafter every five years, as with the present Valuation for Rating Purposes. A shorter period, say every third year, would be desirable.

Exemption of Improvements. Mr W. E. Gladstone, in a speech which he made in London as long ago as July 29th, 1887, referred to the London ground landlords as the owners of "the permanent proprietary interests" in that City. Every leaseholder finds in his lease a covenant which compels him to insure the building or buildings comprised in the hereditament for the benefit of the freeholder to whom they will revert when the lease falls in. No obligation is ever put upon him to insure the land on which the building stands. Buildings may be burnt down, shaken down by earthquake, blown away by a tornado, carried away by a flood, destroyed by a bombardment, fall to pieces through decay; but the sites remain. Buildings, and all other improvements, are made on or in the land by human labour; the land was made by no man. Land increases in value through no effort of the "owner"; the value of improvements can only be maintained by constant labour.

One object of the taxation of land values is to rescue these products of man's labour from the destructive forms of taxation which penalize the making and maintaining of them. It is therefore desirable that, in taxing land values, we should see that all improvement values are excluded from calculation as completely as possible.

Since the object of the Reform is to relieve all improvements from taxation, no good purpose would be served by making a separate valuation of them. All that is necessary is to ignore them; to value each land unit as if the improvements on it were not there. The question of a separate official valuation of improvements does not arise.

Capital or Market Value of Land. Taxes and rates on real property (land and buildings) have long been levied on the basis of their annual rental value *rebus sic stantibus* ("as things are")—in their present condition and according to their present use. In the case of a plot of vacant, unused land (call it A), however great the value which the people have given to it, there is no income tax, because there is no income accruing from it, and no charge of the rates, because there is no occupier and no "beneficial occupation." In the case of a plot B, covered by a dilapidated, *unoccupied*

house, no income tax or local rate is levied, either upon the land value or the building value, for similar reasons. On a third plot (C) an occupied house, provided with every modern convenience, is rated on the basis of the annual rent that it might be expected to command, in its present condition and surroundings, less a certain statutory deduction, supposed to represent the average annual cost of keeping it in such a state of repair as to command that rent; and the receiver of the rent has to pay income tax on its amount. Suppose these three plots to be adjacent to each other, of equal area, with equal frontages to the same street. The plots, considered apart from the improvements, if any, upon them, are clearly of equal value, though the house on B is clearly of a much less value than the house on C. Yet, by the present methods of assessment, A and B (with its house) yield no revenue, and C (with its house) is assessed to rates and taxes, very highly if it happens to be a very good house.

Assessment for taxation and rating on the capital value of land would sweep away these absurd inequalities, for the equal land values would be equally taxed and rated. It would do away with the penalizing taxation on the good house on C, encourage the building of a better house on B and the provision of a new house on A, leaving the owners of all three houses free to make whatever improvements they please, without any fear of having their assessments to Schedule A, or to the local rates, increased.

Taxation on capital value is the usual arrangement in the countries that have adopted land values as a basis of assessment; and in this country Death Duties on real estate are already charged upon capital value.¹

In essence, the problem is a quite simple one. Here is a building, and the "property" is to be assessed for a land value tax. If the house were burnt down, or pulled down, leaving a bare site, with all its present surroundings unchanged, and the site came into the market, what would it fetch, as between a willing seller and a willing buyer? Any professional land valuer could answer the question. It is far easier to answer than many of the questions that

¹ There are strong arguments in favour of adopting the annual value of land as the basis of assessment at a later stage.

continually arise in connection with the present system of valuing for rating purposes.¹

The 1931 Valuation was to be made "without taking into account the value of any minerals, as such, or the value of any mineral wayleaves."² The *Law of Property Act*, 1922 (Sect. 1) includes among the legal estates in land, an "estate or term in mines and minerals, apart from the surface, or in the surface, apart from the mines or minerals." If the landlord of mineral lands is working the minerals, or has leased to someone else the right to work them, the capital value of the land should include the value of the minerals. "Ungotten minerals" should be treated as a separate parcel of land, and valued and taxed accordingly.³

Some Exemptions from Taxation. While it is very important that the greatest care should be taken to exclude from the Valuation of Land all value due to buildings and other improvements, it is also very important that no land value should be exempted from valuation, or, except for good and sufficient reason, from taxation.

Under the *Finance Act*, 1931, land which is owned by the Government or by the Crown and not let on lease was exempt from the tax (Sect. 24). The same section exempted local authorities in respect of any land not let on a long lease. These authorities do not always use or let the land. There is no good reason for exempting them from a national land value tax.⁴ If the tax fell upon all vacant land, it would tend to prevent such a scandalous delay in bringing very valuable land into use as took place, for instance, in the case of the Strand Improvement (Aldwych and Kingsway). The last portion of the London County Council's surplus land, between Aldwych and the Strand, after standing idle for a generation, was let on a building lease to Bush House (Extensions) Limited, on building lease for 94½ years from June 24th, 1934, at a reduced ground rent (after the first

¹ See VERINDER, *Land, Industry and Taxation*. Chapter III.

² See Chapter VIII above, p. 84 ff.

³ So also with regard to shooting and fishing rights.

⁴ The Crown makes an *ex-gratia* payment in lieu of rates on its scattered properties; and local authorities are subject to Income Tax.

year at a peppercorn) of £10,000 a year. London, of all places in the Kingdom, owes much of its immense land value to what Adam Smith called "the good Government of the Sovereign," and should recognize its debt to the Nation at large. Even the site of the County Hall owes much of its value to the nearness of the Houses of Parliament and the Government Offices at the other end of Westminster Bridge.

Parks, gardens and open spaces, "open to the public as of right," have, of course, no more market value than has the surface of the streets. Places of worship, churchyards and burial grounds might be exempted from the land value tax. This is in accordance with almost universal custom. But, although a good deal of land, some of it very valuable, would be thus allowed to go tax free, it is necessary that *all* the land, whether subject to tax or not, should be valued, for it may change its ownership or its use. Many City churches have been pulled down, and blocks of highly-rented offices have taken their place. Some chapels have become cinemas. Disused burial grounds have frequently been built over.

A National Tax. For the first levy of a National tax on the land value, when ascertained, the amount of the tax is not of very great importance. Mr Snowden's penny tax on every £ of land value was avowedly put forward only as a beginning, to be followed by a larger tax and by rating on unimproved land value. A great deal of cheap ridicule was directed against the penny tax, even by people who knew quite well that 1d. in the £ on capital value is equivalent to at least 1s. 8d. in the £ on annual value. The immediate purpose of the tax was to ensure the passing of the Valuation through the House of Lords, by making it part of a Money Bill, and so placing it under the protection of the Parliament Act.

A future Chancellor will no doubt consider whether the delay caused by the "National" Government should not be compensated for by an increase in the poundage of the tax when it is revived.

Rating on Land Values. The natural sequel to the setting up of the Valuation would be an Act empowering the Municipalities, who will then have in their custody the

Land Valuation Lists for their respective areas, to levy their rates, wholly, or in part, on land values. In New South Wales, since 1906, the whole of the rates in town and country alike, except the rates levied in Sydney and Newcastle by the local Water and Sewerage Boards, have been placed on unimproved land value, and a demand is being made for the removal of these comparatively small exceptions.

It is greatly to be desired that, when a similar step is taken in this country, it shall be in the form of a general change in the law of rating. The slow and cumbrous method of Local Option in Land Value Rating, adopted in some of our Dominions,¹ is not an example to be followed here. If it were, great progressive communities, suffering under high rents and high rates, would undoubtedly adopt the reform promptly. Glasgow, Liverpool, Manchester, Sheffield and many other towns have declared through their Municipal Councils in favour of the change. Even London, in the early days of the London County Council,² was in favour of it. The newly-elected Council, on May 15th, 1934, registered its protest against the repeal of the Snowden Act, which would have gone far towards providing a basis for land value rating.

But the rural districts and many of the smaller towns, still under the heel of landlordism, would probably be a long time in coming into line, and the great towns, which can only grow by extending into the surrounding rural areas, would still find their growth hindered by the "iron ring of land monopoly"—the unrated vacant land—outside their borders, and the working farmers and labourers would still be deprived of the free access to land on reasonable terms, which is denied to them under the present system.

¹ The extent to which Rating on Land Values has been adopted in various countries under either compulsory or optional provisions is described in the Appendix *Land Value Taxation in Practice* for which the author is indebted to Mr. A. W. Madsen.

² One of its earliest Acts, after its establishment under the Act of 1888, was to appoint a Special Committee to consider the best method of ascertaining the value of land in the Metropolis, irrespective of buildings and improvements. It reported on June 4th, 1889. Henry George gave evidence before this Committee as to the methods of valuation in the United States.

With a universal tax on land values, and the universal rating on land values, land for agricultural, building and industrial use, and for every public purpose, would be available as and when and where it was needed, and the progressive de-rating of agricultural, industrial, commercial and domestic buildings and all other improvements would clear the way for the solution of our most pressing social problems.

Apportionment of Land Value Taxation. Under the 1931 Act, the land value tax was to be passed back to the receiver of the land value, "notwithstanding any agreement made before the passing of the Act" [Sect. 20 (3)].¹ It is frequently the case that a number of persons—freeholder, lessee, one or even moresub-lessees and sitting tenant—are in enjoyment of the land value in various proportions. In some cases, a mortgagee in possession has taken the place of one of them. In all such cases the method of deduction provided in the Act ensures that each of the several receivers of land value should pay his proportion of the tax.

The same question will certainly arise in connection with land value rating. The intention is that those who enjoy the land value shall pay the rate, although for convenience' sake it is collected in the first instance from someone else. This can be ensured by the method of deduction from payment of rent.

This method was recommended in a famous pamphlet² quoting the precedent of the Landlord's Property Tax. The question was fully discussed in the Report of the Select Committee on the *Land Values Taxation (Scotland) Bill*, 1906, of which the late Alexander Ure, then Solicitor-General for Scotland, was chairman. The committee, after stating the arguments on both sides, especially in connection with Feu Duties, decided in favour of deduction. In the Transvaal, where leaseholds are common, the Ordinance No. 1 of 1916 made provision for all interests in land value to contribute in due proportion to the rates (by a process of deduction). This provision was contested

¹ A stipulation that the lessee shall pay the rates is "common form" in leases.

² J. FLETCHER MOULTON, Q.C. (afterwards LORD MOULTON) : *The Taxation of Ground Values* (1889).

by the landlords in the Transvaal Court, on the ground of contracts which obliged the lessees to pay the rates, and it was decided that interference with private contracts was *ultra vires* of the municipality. The South African Supreme Court reversed the judgment of the local court (1917) and, on appeal to the Privy Council, the judgment of the Supreme Court was upheld (1920). The judgments were reprinted in *Land and Liberty*, June, 1930.

The objection to this method of deduction can only be sustained if it is admitted that the landlords have a vested right¹ to all the land value that they can collect, because they have inherited or acquired land under the present system and it is therefore unjust to tax land values. If such a principle were admitted, it would put an end to any hope of abolishing legalized vested "rights" that have become recognized as vested wrongs. In good morals, no one can have a vested right in an unjust system.

No such objection came from the landlord class when the re-introduction of protective duties on a multitude of goods, which had been tax-free for a generation or two, interfered with numberless business contracts, made in good faith under a different fiscal system.

Parliament did not shrink from making rent-receivers liable to income tax under Schedule A, in spite of contracts in leases. Mr W. E. Gladstone, in his Budget of 1853, proposed to extend the Legacy Duty, hitherto confined to personal property, to real property, passing at death—a first small limitation of landlords' fiscal privileges—and brought himself into conflict for the first time with the House of Lords. His proposal was denounced as

a proposition impracticable, oppressive, unjust, cowardly and absurd. It was called *ex post facto* legislation. It was one of the most obnoxious, detestable and odious measures ever proposed. The author was a vulture soaring over Society, waiting for the rich harvest that death would pour into his treasury.²

Nevertheless the proposal became law.

The *Finance Act*, 1931, gave the lessee power to deduct the tax from his rent, notwithstanding any agreement

¹ On "vested rights," See Prof. HARRY GUNNISON BROWN, *Comments on Some Current Criticisms of Land Value Taxation*, pp. 135-150.

² MORLEY, *Life of Gladstone*, iii., Book IV, ch. ii.

made before the passing of the Act.¹ No doubt this and the other precedents referred to will be followed in a Land Value Rating Act.

¹ Many leases have, of recent years, contained a provision that the lessee should pay, not only the rates, etc., but also any tax that may be imposed on land values. It is, of course, childish to think that impending legislation can be sterilized by such a device, especially in the case of a value which is so clearly the creation, not of the recipient but of the public on whose behalf Parliament is legislating.

CHAPTER XIV

ECONOMIC FREEDOM AND SOCIAL JUSTICE

"In my letter to Mr George I said, 'I do not believe that your plan is the panacea of poverty.' 'Nor I,' he replied, 'but I am sure Freedom is.' Since then my faith has grown and is growing in the efficacy of this measure with the fiscal name. It is the handmaid of Freedom and must unlock the bars and bolts."—WILLIAM LLOYD GARRISON.

"Ablatâ justitiâ, quid sunt regna nisi magna latrocinia ?"—SAINT AUGUSTINE.¹

IN the preceding chapters an argument has been advanced for what is, in form, a change in our system of taxation. If the Reform meant no more than this, no more than that some people should pay more and others less to the collectors of taxes and rates, it would not have attracted and retained, for more than half a century, the support of multitudes of earnest men and women, nor would it have evoked the bitter opposition which vested interests everywhere have put up against it. They realize that it offers us the promise and potency of a Social Revolution.

Questions of taxation have frequently altered the course of history. John Hampden's protest against a tax which he believed to have been levied unconstitutionally was one of the causes which led to a Civil War and the beheading of an English King. The attempt to levy a tea tax upon some English colonists brought on a War of Independence and the loss of the United States. We owe the freedom of the Press largely to the men and women who braved fine and imprisonment in opposing taxes which impeded the free expression of political and religious opinion. The salt tax in India stands as the symbol of some of the causes which brought that great country to the verge of open revolt. The great agitation against the Corn Laws in the "Hungry Forties" was a protest against a tax which robbed the people of cheap bread in the interest of agricultural landlords.

¹ If Justice is abolished, what are Kingdoms but great dens of robbers ?

Richard Cobden, in his last public speech, said:—

“ If I were five-and-twenty or thirty instead of, unhappily, twice that number of years, I would take Adam Smith in hand . . . and I would have a League for Free Trade in Land, just as we had a League for Free Trade in Corn. . . . The men who will do that will have done for England probably more than we have been able to do by making Free Trade in Corn.”¹

Much earlier he had given a hint of the method he would have advocated. At Derby (December 10th, 1841), after protesting against the way in which the landlords had evaded the 4s. in the £ land tax of William III, he said:—

“ I hope to see societies formed calling upon the Legislature to re-value the land and put a taxation upon it in proportion to that of other countries and in proportion to the wants of the State. . . . There must be a total abolition of all taxes upon food, and we should raise at least £20,000,000 a year upon the land, and then the owners would be richer than any landed proprietary in the world.”

And again:—

“ I warn [the landlords] against ripping up the subject of taxation. If they want another League at the death of this one [the Anti-Corn Law League], then let them force the middle and industrious classes to understand how they have been cheated, robbed and bamboozled upon the subject of taxation.”²

The inseparable, historical connection between Land and Taxation was recognized by some economists and reformers before the author of *Progress and Poverty* subjected it to a detailed examination, gave it a philosophic basis, and founded upon it a practical political policy. If the land problem were to be solved at all, the method of taxation became inevitable. The land of England has always been national property, by natural right and by constitutional law, but the rent of the public domain is now nearly all appropriated by a comparatively small class. The landlords had so manipulated our methods of taxation as to rob the people of their rights in the land of their birth. By a change in the methods of taxation, the rights, of which the people have been unjustly deprived, can be restored. By a sufficiently heavy tax on land values the people of England may become in practice what they are in legal theory, the landlords of their national home,

¹ At Rochdale, November 23rd, 1864. (*Speeches*, II, 367.)

² In London, December 17th, 1845. (*Speeches*, I, 344.)

collecting the rent of their common heritage and applying it to their common needs. Henry George adopted as the title of one of his writings "*Justice the Object : Taxation the Means.*"

Even if considered as a purely fiscal measure, such an act of justice will be an achievement of the very highest importance, for it will provide the means of raising revenue without penalising industry, improvement and thrift as our present taxation does. No Chancellor of the Exchequer has yet seen his way to accede to the persistent demand for the repeal of the "Breakfast Table Duties," which for many generations have "robbed the poor because he is poor" by reducing the purchasing power of his scanty wages. It has always been pleaded that these taxes "for revenue only" could not be spared. Recent years have added to these old indirect taxes a vast number of new ones, deliberately imposed in restraint of trade with other countries, under the pretence of "protecting" home industries and of "adjusting the balance of trade" —by reducing its volume, to the loss of all the countries engaged in what is openly called a "Trade War." One of the first great opportunities that will be open to the Chancellor, who completes the Land Valuation and begins to use it as a basis for taxation, will be to make a decisive step towards International Peace by the root-and-branch abolition of all these predatory imposts.

Mr George Lansbury wrote to the National Peace Congress at Birmingham that statesmen are not wicked but "muddle-headed." "They think that it is possible to establish Peace in a world governed by economic war of the bitterest kind."

An instance of this kind of folly is the embittering of the relations between Great Britain and her sister Island. Mr de Valera, to the surprise of no one who knew the history of Irish landlordism, refused to continue the payment of the Land Purchase Annuities to the British Government. The latter sought to recoup themselves by a "temporary" tariff on Irish products. The duties were declared to be neither punitive nor protective, but to be imposed only for the purpose of collecting (from the British consumer of Irish produce) moneys said to be due (from the citizens

of the Irish Free State!). Meanwhile, of course, the "non-punitive" tariff was seriously reducing the trade of the Free State with its nearest and wealthiest customer. Mr Neville Chamberlain, speaking on the third reading of his *Finance Bill*, 1934, said that on what the Government was doing with respect to the Dominions might well depend the development of trade relations between the different parts of the Empire fifty years hence. But, judging from the repercussions of the Ottawa Conference, and the controversies raised by the attempt to "protect" this country from the cheap wheat and meat sent to us by Australia and New Zealand as well as by the Argentine Republic, there is some reason to doubt whether there will be any Dominions in the Empire after fifty years of tariffs. They all, admittedly, have the right to secede, and Western Australia is already claiming the right to leave the Commonwealth, mainly on the ground of the injury done to its industries by the Federal Tariffs.

Two great fears obsess the workers of the world: the fear of Poverty and the fear of War. The preceding chapters have been written to little purpose if they have not shown that involuntary poverty is the outcome of Land Monopoly and unjust Taxation. Have these evils anything to answer for in the matter of War?

Apart from the Wars of Religion (in so far as Religion was not a cover for other ends), wars have usually been waged for some economic advantage: for additional territory, for new markets, for access to the sea for trade purposes, for relief from oppressive taxation. Even if such advantages were not the avowed object of hostilities they have generally gone to the victors as spoils of war. Alsace-Lorraine, with rich deposits of potassium, has been shuttlecocked between France and Germany for centuries. Long after the Great War the coalfields of the Ruhr and the Saar remained a bone of contention between the two countries. The Versailles Treaty deprived Germany of her Colonies, and left a great country with a grievance which bemocks the so-called Peace.

Lord Salisbury told us, as we went into the Boer War, that "We seek no goldfields": but the Transvaal and the Orange Free State were annexed all the same. The Gran

Chaco, over which two South American Republics have been waging a sordid war with munitions supplied by European and North American armament firms, has been described as "a swampy jungle, infested with vermin, ridden by disease, too poor to sustain existence for the nomadic Indians that haunt it";¹ but it is known, or at least believed, to be rich in mineral oil, timber, cattle and tannin, and the Standard Oil Company and some Argentine capitalists are said to be interested in the result of this wretched conflict.

The abolition of "Protection" would remove the cause of the constant friction between nation and nation, which breeds mutual ill-will between peoples whose real interest it is to co-operate by the friendly exchange of the products of their labour. Nature has distributed her gifts widely among the nations of the earth. Each can produce something which will be useful to and welcomed by other nations. Complete Free Trade would enable each nation to share in the advantages which the others enjoy, *e.g.*, by the exchange of the manufactures of temperate climes for the fruits which will only ripen under tropical suns, and so on; just as the taxation of land values will enable all the natives of a country to share in the value of its natural opportunities. Free Trade in its completeness would do more for universal Peace than all the pacts of non-aggression. Disarmament, with its promise of a very large reduction of Budget requirements, would naturally follow the cessation of the Trade War.

A Government, by whatever name it may be called, pledged to set up a just system of taxation might well begin by levying a land value tax large enough to give relief, at least to those who have suffered longest and hardest under old injustices, by abolishing the cynical injustice of indirect taxation, whether avowedly "protective" or not, on the necessities of life and the raw materials of industry, and by raising the limit of income below which income tax is not payable. An Act for assessing local rates, in whole or in part, on land values would reduce the burden of both rent and rates upon housing requirements, and

¹ *News Chronicle*, May 19th, 1934.

open up a way of escape for the overcrowded and the slum-dweller. Once established as an integral part of our fiscal system, the taxation of land values could be made as fruitful and growing a source of revenue as Income Tax and Death Duties have been in the last fifty years. Budgets would become simpler and more easily "understood of the people" as the old familiar imposts successively dropped out of the list, till the land value tax reached its consummation as a fiscal resource, by collecting for the Nation the Rent of the National Estate to which the presence, industry and public expenditure of the community have given its value. Public life would be made sweeter by the removal of the temptations to evasion, provoked by inquisitorial Income Tax Forms, and by the Custom House searchings of luggage for an untaxed pair of silk stockings or an un-Customed box of cigars or packet of saccharine. Business men would no longer have to submit to the intolerable delays and expense entailed by the Tariff Duties levied by overworked officials on the goods they import. The complications of a "scientific" Tariff are far greater than most people suppose. For instance: a duty on sugar seems, at first mention, a quite simple matter—so much sugar, so much tax, But it is by no means a simple matter when foreign sugar reaches the British Custom House. There are no less than 24 grades of sugar for taxation purposes, and 24 rates of tax, determined in each case by a polariscopic test. Moreover, any article into which sugar enters as a component is taxed upon its sugar content. When the tax was first re-imposed the present writer obtained from the Co-operative Wholesale Society a list of 35 classes of goods which contained sugar and became subject to the tax. The chemical substitute for sugar—saccharine—is far more heavily taxed, and its importation is subject to very special conditions. Similar complications attend the "tariffing" of silks, chemicals and so on. The distinction between "fine" and other chemicals, important to dealers in them because of the wide differences in the rates at which they are taxed, often leads to disputes and delay, annoying and costly to dealers and consumers alike.

Yet most of those who support "Protection" would

probably oppose taxation of land values on the ground of the supposed difficulties that beset the valuation and taxation of a subject that cannot be concealed or moved or "smuggled," that lies out-of-doors for all men to see, that is being valued every day in the ordinary course of business, both for public and private purposes, by professional men.

Unjust taxation has turned the Kingdoms of the World into what a great Father of the Church has called "great dens of robbers." The mass of the people has been robbed, individually, of part of the earnings of their labour, the products of their industry, the comfort of their homes and the pleasures of life; robbed, collectively, of the enormous values which they have given to the land on which they live and work. To establish Justice in Taxation will be no mean contribution towards the upbuilding of a happier condition of Society.

Important as are the fiscal benefits to be secured by the new basis of taxation and rating, it is upon its economic and social results that the highest hopes of its advocates are based.

Land would be freed from the incubus of private monopoly by the pressure of a "tax" which would make it a very costly luxury to hold land out of use. With land available for every kind of productive use, and industrial buildings and machinery completely tax and rate free, the army of involuntarily idle workers, disemployed under existing arrangements, would be demobilised. For two million or more of our fellow-citizens, now reduced to poverty, wages would take the place of a beggarly "dole." Wages would rise, not through the reduction of the number of workers, as during the "Black Death," but because of the multiplication of available jobs; and those who, through no fault of their own, have been a burden upon public funds or private charity, would become profitable customers for the productions of native industries and the untaxed commodities imported from abroad. The home market for home productions would be re-established, and the standard of living would rise.

We have learnt from the Socialist, Karl Marx, that the exploitation of the worker by the capitalist is based upon

land monopoly, which denies the worker access to land,¹ and from the Capitalist, Charles Booth, that "*the modern system of industry* will not work without a margin of unemployed." When access to land is assured to the worker his relation to his capitalist employer will be completely altered. Economic freedom will bring a new order in the industrial world. Men will no longer work for sweated wages, and the relation of master and man will be supplanted by a free partnership in production, under which employer and employed will each receive the full value of his contribution to the joint product. The old Social Democratic ideal—"work for all; overwork for none"—will be realised.

When building sites and land yielding building materials are freed from monopoly, the housing question will, so to speak, solve itself. State subsidies will no longer be necessary, and, with cheaper houses, assured employment and higher wages, "charity rents," at the cost of the taxes and rates, or of the philanthropist, will no longer be called for. The unfortunate victims of a long continued injustice will not be compelled, for lack of means, or through lack of alternative accommodation, to go on living in houses long ago condemned as unfit for human occupancy, and the slums will be swept away without the supposed necessity of paying compensation to those who have been making a wicked misuse of the land which they disfigure. With the disappearance of these hot-beds of misery, sickness, infant mortality, premature death, vice and crime, the sanitary departments of our municipalities will be relieved of a great deal of the costly work now thrust upon them.

The "Single Tax," by making the State the sole rent-receiver, would greatly simplify the making of public improvements. Under present conditions, if land is required for an improvement its holders have to be bought out; and, when the improvement has been made, the value of the benefits it confers upon the neighbourhood are reaped by the holders of adjacent lands in increased rents or selling prices. Under the new system the State would simply "resume" the land required, and no compensation would be paid in respect of the land, though, of course, the

¹ See Chapter IV, above.

outgoing "tenant" would be compensated for existing improvements at a valuation, with reasonable compensation for disturbance. Any increase of land value due to the improvement would automatically accrue to the public funds at the next re-valuation. In the case of the purchase of a private park in N.E. London for £30,000 by the L.C.C. and some other Local Authorities, it was stated at the time that, if the resultant increase of land value in the vicinity could have been collected for public account, the transfer of this tract of land from private to public use would have cost the Councils nothing.

The manufacturer, farmer or smallholder, requiring the use of land for his business would no longer have to sink part of his working capital in purchase-price for the land; he would only have to pay for the improvements (if any) and thereafter to pay, from year to year, the one "tax" which discharges his rent to the State. He would be able to build or make other improvements to his heart's content, to adopt the newest methods and machinery, without having his enterprise punished by an increase of taxation. Unless the value of the land he occupies is increased by causes outside his own personal activities, his payment to the public funds would not be increased.

It is only when land monopoly has done its worst and has brought trade depression to its deepest that its despairing victims, not realizing what is the fundamental cause of their troubles, turn to the Government for help, or change the colour of their shirts and place themselves under the heel of a Dictator. The air becomes thick with well-meant schemes for relieving their distress by taking away what liberty the landlord and the tax-gatherer have left to them. Even in our own country there is little to choose between what the "National" Government, with its huge Tory majority, is doing to "help" the distressed agriculturist and some of the things that the Labour and Liberal parties are promising to do for him. Instead of freeing him from the domination of the land monopolist, they all propose, in varying degrees, to subject him to the control of a new Bureaucracy. The re-organizing of industries, imposed from Whitehall, the marketing schemes, bolstered by tariffs and quotas, are already promoting the formation of

new monopolies, which will take full advantage of the opportunities the Government has given them of raising the prices of their products against the consumers. Price-raising is indeed the avowed object of the British Government, as of President Roosevelt. It is not surprising that the Consumers' Council finds itself helpless.

The followers of Henry George are sometimes said to be men of one idea. Because they see more clearly than many others do that, land being the first and most fundamental necessity of human life, the question of its availability for man's use must necessarily underlie all our economic life, they are accused of believing that the breaking-up of land monopoly is the only thing to do. No one can honestly say this who has read with reasonable care Henry George's writings or speeches. What he always said, and what his English followers have always said, is, it is *the first thing to do*. Chapter XIX of his *Social Problems* is headed: *The First Great Reform*. We hold, it is true, that the doing of it will make many of the current proposals for Social Reform unnecessary, because it will automatically ensure the object they aim at and that it will make many other reforms more easy of accomplishment and more certain of their intended results.

Is it altogether worth while to go on endlessly effecting municipal reforms when we know that their cost is often made almost impossibly heavy by the claims of landlordism, and that their most certain results will be registered in the banking accounts of the owners of the "permanent proprietary interests" in the town, thus enabled to appropriate a larger and larger proportion of the wealth produced, without making any contribution thereto? It has been proved, and is well known, that new roads, bridges, tunnels, ferries, tube railways, cheap workmen's fares, electric tramways, parks, embankments, free schools, old age pensions, a general increase of wages, wealthy local charities, even a flourishing co-operative society; all these bring about an increase of rents to the landlords in the neighbourhood where their benefits can be enjoyed. This is the result of the inexorable Law of Rent—and of man's mistake in allowing the "Mother of all things" to become the subject of private monopoly. By well-considered reforms we can make

a district a healthier and pleasanter place to live in, a more profitable place in which to carry on a profession or business or earn a living by some trade. People naturally flock to such a place and by their competition for houses, shops, offices, factories, *i.e.*, for sites, raise the price of land against themselves. When the Tube railway opened up the hamlet of Golders Green, formerly cut off from London by the Northern Heights, London people flocked there in search of lower rents and fresher air. A smallpox patient might just as well go into the country to escape from the disease which he could only carry with him and communicate to others. There was a phenomenal rise in land rents and prices at Golders Green, even while the Tube railway was only in the making. The line was then extended to Edgware. The immediate result was that the farmers' fields grew a wonderful crop of notice-boards announcing "Building land for Sale." So true is it that "population makes land values," even when it is only a future population casting its shadow before it.

There is no good reason why the First Great Reform should be a Party question in the political field. Members of all parties suffer under the present injustice. To give practical effect to an admitted principle of constitutional law, that no man can *own* land, he can only hold an estate in land, re-affirmed by the Tory Lord Halsbury in his *Laws of England* and by the Tory Lord Birkenhead in his *Law of Property Act* as recently as 1922; to restore to the Crown its right to the dues of which landlord Parliaments deprived it 275 years ago; sounds like a proposition that should commend itself to a Party which prides itself on being "constitutional" and on its loyalty to the Crown. Some of the great towns that return Tory members to the House of Commons have asked, through their Municipal Councils, for the Rating of Land Values. The Liberal Party has honourable traditions in respect of Political Liberty and Freedom of Exchange. We ask the Liberals to complete their old fight for Liberty, by helping to win Economic Freedom. Those who prefer to call themselves Radicals should joyfully join in carrying a Reform which goes to the root of our principal public troubles. The Labour Party, always keenly interested in unemployment, housing

and international peace, is already responsible for enacting a first step towards our Reform, and could, as we have tried to show, do much to advance all their objects by re-enacting in a more effective form the Act which Mr MacDonald's Government repealed. As the Labour Party now describes itself as "Socialist," it may be well to recall a notable passage in *Progress and Poverty* (Book VI., ch. I., v.). "The ideal of Socialism," says Henry George, "is grand and noble; and it is, I am convinced, possible of realization; but such a state of society cannot be manufactured—it must grow. Society is an organism, not a machine. It can live only by the individual life of its parts. And in the free and natural development of all the parts will be secured the harmony of the whole. All that is necessary to social regeneration is included in the motto of those Russian patriots sometimes called Nihilists—'Land and Liberty.'"

APPENDIX

LAND VALUE TAXATION IN PRACTICE

BY A. W. MADSEN, B.Sc.

The countries in which a measure of land value taxation is in force, that is, where this reform has advanced a certain stage under Acts passed to give it effect, are: Denmark, New Zealand, Queensland, New South Wales, Victoria, South Australia, West Australia, the Transvaal, Cape Province, Natal, Rhodesia, Kenya, British Columbia, Saskatchewan, Alberta, Manitoba, Pennsylvania, Spain, Argentina and Brazil.

As a taxation system, the principle involved is an equal payment on equal land value within the taxing area, whereby the landholder is called upon to contribute to the public revenue according to the actual value of the land alone apart from improvements or buildings that may be on or in the land. He pays upon an assessment of land value, separately made, and the tax imposed abolishes or reduces or prevents taxation that would otherwise fall upon buildings and other improvements, or upon wages, trade or industry.

In none of the countries named has land value taxation been carried near the point of absorbing the whole value of land for public purposes. Some have taken initial steps, others have made fair progress, but the important thing to observe is that the principle, whether in small or large degree, has been put in operation, and sufficient experience has been gained to provide a decisive answer to the questions: Can it work? Does it work? How does it work in practice? The public man or the student wanting information and precedents has an astonishing wealth of official material at his disposal; but here only a summary can be given of the legislation in force.

The assessment upon which the land value taxation is imposed in all the countries to be named is the capital value, understood as the amount at which the fee simple of any piece of land could be sold apart from the buildings

or other improvements on that land. Without discussing the respective merits of "capital value" and "annual value" as bases of taxation, it is important to notice that the basis actually adopted does not represent the whole value of land but only that part of it which is left in possession of landholders after collection of such taxes as fall upon land to-day so as to diminish the price that can be got for it. The selling value of land secures, however, the essential thing, which is a comparative valuation of all land, separated from buildings and improvements; and adopting that basis the countries named have made progress in transferring taxation on to land value to the degree that is here recorded.

DENMARK

A uniform national tax of one-third of a penny in the £ is imposed annually on the value of all land in town and country alike. In addition, all local authorities (towns, counties and rural parishes) raise a proportion of their revenues by land value rating. This averages 4d. in the £ of capital land value in the country districts, but is less in the towns, the highest urban land value rate being at present in Copenhagen and in Frederiksberg, where it is approximately 2d. in the £.

The greater development of the land value legislation in the country districts is due to the fact that from its inception the agitation for the reform has had the vigorous support of the small peasantry and also because of the existence of the old "hartkorn" tax, which with its assessment of the comparative fertility of the land did in part embody the underlying principle. The question was what modern form of taxation should take the place of the "hartkorn" that had been in operation in Denmark for the past two and a half centuries. That tax, being based on what each piece of land *could* produce, took contribution whether the land was used or not; it did not penalize the industrious man nor allow the man to escape who neglected his land; it did not tax improvements; but the assessment had long gone out of date because it took no account of the land value arising from advantage of position. It should be modernized by the taxation of land values,

and the small peasantry or "housemen" made the strongest representations to the then Government in the matter.

The attitude of the "housemen," who in their associations now number well over 150,000, was expressed in their historic resolution and political manifesto adopted at their annual convention in Køge in 1902, declaring that :—

As small farms and independent husbandry have proved the most advantageous form of agriculture, in the interests both of the community and the individual, and may therefore be expected to become the most general (and in future possibly the only) system of Danish agriculture, our occupation and progress cannot be virtually supported by any help from the State or from other classes in the community. We can only prosper if the law fully recognizes that the small-holders and all other classes in the community have equal rights.

The small-holders, therefore, do not ask for any favours in the way of taxation. . . . We do demand the earliest possible removal of all tariffs and taxes levied upon articles of consumption, such as food, clothes, furniture, buildings, stock, tools, machines, raw materials and the products of industry, as all these burdens (often increased by fiscal protection) are pressing with an unjust weight upon labour and the small home.

In place of these taxes we demand, for the provision of revenue for public needs, the taxation of land value, which is due to no person's individual labour, but arises from the growth and development of the community, reaches enormous figures, especially in the large towns, and is appropriated as an unearned gain by private speculators who have no title to it, instead of being paid into the public treasuries of the State and municipal authorities. The taxation of land value would not burden Labour but, on the contrary, cheapen land and make it easier for every man to obtain his own home.

This good advice was not acted upon. On the contrary, the Government in 1903 imposed the new taxes, national and local, on land *and improvements*, and in effect shifted the burden on to the best used and most intensively cultivated land where the relation of improvement value to land value was highest. The small landholder suffered and the large landholder benefited. The latter enjoyed enormous reductions in taxation which were duly capitalized in the enhanced selling price of land, raising a new and formidable barrier against the would-be user. The agitation for the land value policy grew in volume and has succeeded in turning the tide of the reactionary legislation of 1903.

The steps Parliament took were halting and tentative at first. In 1916 and again in 1920, on the making of the periodic valuation of the whole country, the land value of every property was separately ascertained. Although the public got only a demonstration of land value as an assessable and taxable subject, the Government in this demonstration had provided most convincing propaganda.

Taxation, national and local, on real estate has since been split into two taxes ; one on the value of the land alone and the other, at a lower rate, on improvements with a certain amount of improvement value wholly exempted.

The Act of 1922 introduced the national land value tax (and the tax at a lower rate on improvements) leviable annually from 1924 onwards on all land in town and country alike. Small as the land value tax is, being equivalent to one-third of a penny in the £ (capital value), it established the principle. It made necessary the periodic assessment of land value and paved the way for the measure of local rating of land values since adopted.

The Act of 1926 required all local authorities, towns, counties and rural parishes, to convert their then existing taxation on landed property into (a) a rate on land values only and (b) a lower rate on improvements only, subject to a certain amount of improvement value being exempt. There is also provision, unfortunately restricted in the towns but allowing wide option to the rural parishes, for reducing the local income tax and substituting for it new taxes under the Act.

The result of this legislation was to give such a measure of land value taxation throughout the countryside that the rate averages 4d. in the £ of capital land value. The towns under their present limited powers have to be satisfied with less, and 2d. in the £ is about the maximum land value rate which, under provisions of the Act, any of the towns can reach.

In 1928 an Act was passed enabling local authorities under permissive powers to remit or reduce local taxation on new houses and new buildings erected for dwelling purposes. This relief is given only in respect of the value

of the *structure*, the value of the site being taxed as before.

In 1933 county taxation was amended to increase the rates on land values and correspondingly reduce the rates on improvements.

Danish land value legislation also embodies a tax on increases in land values, leviable as an *annual* and additional charge on the amount by which the assessed value of any land has increased between the valuation dates 1932 and 1937, and so for every future increase as recorded at the subsequent periodic valuations, taking 1932 as the datum line. Normally and subject to certain provisions too detailed for brief description, this additional and special tax will take *annually* about 2 per cent of the increase in the capital land value.

Periodic valuations were made in 1916, 1920, 1924, 1927 and 1932, and are repeated every fifth year, covering the whole country. The work is done on each occasion within 12 months and at a cost not exceeding £10,000. Valuation lists are deposited for public inspection before valuations are finally settled (the rule obtaining in most countries) and the deposit of the lists is the one and sufficient notice to the property owners concerned. The obligation is on them to inspect the list, and as no forms need thereafter be sent there is an immense saving of departmental time and expense. The use of official land value maps—an extraordinarily important instrument—has been widely developed whereby the Valuation Boards secure both the co-operation and the confidence of the public in arriving at just assessments.

NEW ZEALAND

Wellington, the capital city, derives its whole rate-revenue from land value rating, buildings and improvements being entirely exempt from local taxation. Eighty-five other boroughs, counties, and independent town districts have also carried this system fully into operation for local purposes, and sixty-six more (out of the total of 265) levy the main part of their rates on land values.

This has been made possible under the optional rating powers the local authorities possess, the rates being levied either on the (capital) "unimproved value" of land or

on the capital value of land and improvements or on the annual value of land and improvements. As to this "annual value," it is important to remark that it may in no case be less than 5 per cent of the value of the fee simple, so that even where the "old system" prevails in New Zealand there is no such thing as valuable vacant land being entirely exempt from annual taxation as in Great Britain.¹

In 1896 the Act was passed giving local authorities power to levy their general rate on land values. This is exercised if a poll of ratepayers so decides and polls may be taken once every three years for adoption or for rescission after adoption. In 1911 an amending Act extended land value rating to include rates for all purposes, and successful polls taken after that date either extend the system where it had been partly in operation or enable local authorities to impose all their rates straight away on the value of land alone. Wellington carried the provisions of the 1896 Act in 1901 and adopted land value rating for all purposes in 1927.

Under one Act or the other, the land value rating system is now in operation in 56 of the 129 counties, 79 of the 120 boroughs and 16 of the independent town districts. It is very exceptional that any place has reverted from land value rating after adoption. Since 1927 one borough (Mount Albert) and one road district have done so, going back to the capital value of land and improvements on which their rates had previously been levied. In the same period one borough (Wanganui) and one road district abandoned land value rating, only to return to it again after three years' renewed experience of the "old system." Polls to rescind land value rating were defeated in four other boroughs and two town or road districts.

Over the whole of New Zealand, no matter which system of rating may be in operation in any place, the land is valued showing separately for each separate holding the capital value with improvements and the capital value of

¹ In the parts of Australia where "annual value" (of land and improvements) is still the basis of rating, similar provisions obtain for securing that rateable value shall be not less than a certain percentage of the capital value.

the land alone. These valuations are made by the Government Valuation Department. Revision takes place, not on any given date applying to the whole country, but from district to district and from time to time as occasion requires. Generally speaking, in the course of this work, at which the Department is always engaged, the valuations of all districts are revised once in every seven or eight years.

The value of land so ascertained is used for assessment to the Dominion Land Tax, which has been in force since 1891. The rate has varied from time to time and is now a uniform 1d. in the £ subject to a provision (which departs from the principle of land value taxation) giving an exemption of £500 from all assessed values up to £1,500. Beyond that, the exemption is diminished by £1 for every £2 of the land value, so that it disappears when the assessed value reaches £2,500.

QUEENSLAND

The capital City Brisbane levies all rates on land values as does every other local authority throughout the State, including both towns and shires. The only exception so far as local services are concerned is the specific charge of so much per load payable for the removal of garbage.

Local taxation of land values has been the accepted system for many years, being legislatively established in 1890 and made mandatory by the Act of 1902. Improvements are not even valued, much less taxed, for rating purposes. Land value alone is assessed, the local authorities making and revising the assessments every third year in the towns and every fifth year in the shires.

Queensland has also a State "Land Tax," to give the official designation. This was introduced in 1915, the rate of the tax varying from 1d. to 6d. or more in the £ according as the value of the land possessed by the taxpayer varies from £300 to £75,000 or more, land value of less than £300 being exempt. These exemption and graduation provisions applied to land value taxation are discussed under the Federal Land Tax, where the objections to them are stated.

LAND AND FREEDOM
NEW SOUTH WALES

The City of Sydney and its 40 metropolitan boroughs obtain their whole rate-revenue from rates levied on the capital value of land alone, buildings and improvements being entirely exempt.

Over the rest of the State, in municipalities and shires, the land value rating system is universal, except that only in one or two shires a small special rate is levied on improvements.

Water and sewerage services in the Sydney and Hunter River (Newcastle) districts are administered, not by the Councils, but by separate and autonomous Water and Sewerage Boards, which levy their rates on the annual value of land and improvements taken together and it is only under this distinct administration that any local taxation falls upon buildings and improvements in these districts. But there is a strong agitation to have the water and sewerage rates levied on land value alone, bringing this service into line with all the other local services in the way revenue is obtained to pay for them.

Land value rating was made mandatory to the extent of at least 1d. in the £ under the Acts of 1905 and 1906 which organized local government into shires and municipalities. This Act did not apply to the City of Sydney which had been incorporated under earlier legislation, but it applied to the 40 metropolitan boroughs which with the "City" make a metropolitan area of total population 1,300,000.

A State Land Tax of a uniform 1d. in the £ (though exempting land of less value than £240) had been in force since 1896. This tax was abandoned, the new mandatory local rate on land values virtually taking its place, and with the £240 exemptions abolished.

The Acts of 1905 and 1906 gave the local authorities permissive power to levy the rest of their rates either upon land value or upon the "improved capital value." The local councils quickly decided to adopt the former basis for all purposes, and so it has come about that over the whole State, with the small exceptions mentioned, there is no municipal or shire tax on improvements and all the rate-revenue is taken from land value.

The City (the central part) of Sydney, where the rating system was governed by a different Act, adopted land value rating in several stages, imposing upon land value a 1d. rate as from 1908, and in 1916 transferring all its rates to that basis. Part of the cost of the Sydney North Shore Bridge is met by a special land value rate levied annually (at $\frac{1}{2}$ d. in the £ to 1933 and $\frac{3}{4}$ d. in the £ to 1939) in the City and contiguous municipalities.

A State Valuation Department takes charge of the valuations, excepting in such shires as may decide to do this work themselves. Generally speaking throughout the shires, the land value only is ascertained, while in the municipalities three assessments are made: Land value, improved capital value, and annual value of land and improvements. The valuations are revised every three years.

VICTORIA

A State Tax on land values has been in force since 1910. The rate is $\frac{1}{2}$ d. in the £ plus 5 per cent of the tax payable. There is an exemption clause by which the exemption (of £250) diminishes at the rate of £1 for every £1 by which the owner's land value exceeds £250, so as to leave no exemption on values of £500 or more.

An optional measure for the local rating of land values was passed in 1914 and amended in 1920 to facilitate the making of revised and up-to-date land value assessments in the areas adopting the new system. Adoption depends upon a resolution in council or a poll of ratepayers if required. The procedure that must be followed is so cumbersome that it is not easy to get the matter decided. Nevertheless, overcoming the obstacles so unreasonably put in the way, 10 urban municipalities (Melbourne not included) and three shires have carried the provisions of the Act and now levy their rates on land values.

SOUTH AUSTRALIA

This State was the first in Australia to impose a land value tax, which at $\frac{1}{2}$ d. in the £ has been in force since 1884. Where the land value is £5,000 or more, an addi-

tional tax of $\frac{1}{2}$ d. in the £ is imposed. Valuations are made once in every five years.

Optional powers, enabling local authorities to levy their rates on land values, under the Act of 1893 and amending Acts, have been applied in 16 municipalities (Adelaide not included) and seven district councils, the latter being very large rural areas. The procedure, which Victoria appears to have copied, for getting resolutions through the councils and for taking polls of the ratepayers is hedged around with many restrictions, delays and special provisions. Parliament acted strangely in giving hostile elements so much opportunity to hold back the reform. Yet the places mentioned have succeeded in adopting it, and most notable is the acceptance and approval of land value rating in the large rural areas. In three of the municipalities attempts have been made to rescind the system after it had been in operation, but these attempts were defeated by the votes of the ratepayers.

WESTERN AUSTRALIA

By the Act of 1907, a State Land Tax at 1d. in the £ with £50 of land value exempt from taxation was introduced. By the Act of 1924 the exemption was repealed and the tax was raised to a uniform rate of 2d. in the £ of the capital value of land apart from improvements.

The local rating of land values is in force in the rural areas. The Roads Act of 1902 constituted local governing bodies outside the municipalities as "Road Districts" and gave them power to rate either on the annual value of land and improvements or on the capital unimproved value of the land. Of the 125 districts, 50 levy their rates on land value, while the remaining 75 levy part of their rates on that basis. There are also local Boards of Health, under the control of the Road Boards, which collect the greater part of their revenue by land value rating. The valuations for rating purposes have to be made by the Road Boards and they are revised once a year.

TASMANIA

Under the Hobart Corporation Act, 1924, provision was made for the adoption of land value rating by the

capital city but this prescribed such an intricate and tedious process for securing a decision by ratepayers and the council that the Act has remained inoperative. Public sentiment for the reform is shown in the demand the municipal associations continue to make upon Parliament for a law easily and quickly applied. The City of Launceston has taken and carried a referendum favouring the levy of rates upon land values.

State Land Tax was first imposed in 1905. This is based on land value, but like the Federal Land Tax and the Land Taxes in several other States, the poundage of the tax depends on the amount of the land value that the taxpayer holds. In the Tasmanian case, however, there is no exemption clause.

THE AUSTRALIAN FEDERAL LAND TAX

This tax, in operation since 1910, is additional to the land value rates and taxes levied in the several States. The Act exempted £5,000 of land value from taxation, except in the case of absentee owners. On the taxable value above that (the taxable value being the amount of land value attaching in the aggregate to *all* the land any person in Australia may own) the rate varied from 1d. in the £ to 9d. or more. The exemption, and the practice of cumulating the value against the owner for payment of a differential *rate* of tax, produces many anomalous results. For example, a piece of land worth £5,000 possessed by a party who has no other land in Australia (and the amount of investigation necessary in that regard may be imagined) is free from the Federal Land Tax; but if that same land was in the hands of another party who possessed much land elsewhere in Australia, the tax on it might be 9d. in the £ or more. This may be taxing landowners but it is certainly not taxing land values. Since 1910 the tax has been lowered, Parliament making such concession to the greater landowning interests: while it still yields a material part of the Federal revenue, it is the weakest link in the Australian land value legislation.

THE TRANSVAAL

Johannesburg, the largest city, levies the whole of its

local rates on land value alone. Pretoria, the capital, takes all but a small part of its revenues from the same source. Ten other towns rate land values only. In the remaining 14 towns the greater proportion of the rates fall upon land values. Out of the 31 village councils or rural districts, nine levy rates on land value only and in the others land value is the main source of revenue. The majority of the 20 areas governed by Health Committees levy their rates on the value of land alone.

These developments have followed from the Municipal Ordinance of 1916, whereby local authorities were required to levy a land value rate of 1d. in the £ and could not levy any tax on buildings that was not equalled by an additional land value rate. The option was given to exempt buildings entirely, saving that, in the towns on the Gold Reef, buildings or other improvements on ground held under a mining lease and not incidental to mining have to be assessed for taxation along with the site value of such land.

Valuations are made by the local assessors and are revised every third year. And already since 1903 (before land value rating was adopted) the assessments had to show in separate columns the capital value of the land with improvements and the value of the land alone.

CAPE PROVINCE

Under the 1912 Municipal Ordinance the local authorities were required when making their valuations (of land and improvements) to ascertain the value of the land alone and enter that in an additional column in the valuation rolls, although the rates fell upon the composite subject. This separate ascertainment of the land value had been the general practice for a number of years before that. The 1913 Ordinance established a Government Valuation Department which now makes all the valuations throughout the Province, the law providing for quinquennial revision ; and for each property an assessment is made of (a) the site value, (b) the value of buildings, and (c) the value of "beneficial" improvements such as structural, irrigation, reclamation works, fences, subsoil, drainage, plantations, etc.

Optional powers to rate land values and correspondingly

take rates off buildings and improvements were given to the towns by the Ordinances of 1917 and 1918. Two towns (East London and Cambridge) at once took advantage of these powers, Cambridge placing all its rates on land values, while East London takes practically all its rate-revenue the same way, with the rate on improvements only one twenty-fourth of that levied on the value of the land.

NATAL

The City of Durban levies its local taxation so that the rate on buildings and improvements is half that on the land value of each property. This measure of land value rating has been in operation since 1923. One of the most illuminating documents in the official literature dealing with the land values principle is the Report issued in 1922, by a special Committee appointed by the Durban Town Council to investigate the subject.

ORANGE FREE STATE

Under the Ordinance No. 11 of 1925, six towns have taken advantage of the powers given to reduce the rates on buildings by increasing the rate on land values. These towns are Kroonstad, Bothaville, Clarens, Voljoenskroon, Vrede and Petrus, the last-named imposing rates on land values only. In the Orange Free State, valuations are made every third year and, as is the case generally throughout South Africa, they have for many years shown in separate columns the total value and the land value of each property, as a matter of valuation practice and before any separate taxation of land values was instituted.

RHODESIA

The Municipal Ordinance No. 12 of 1914 permitted municipalities to differentiate in their rating between land and buildings or improvements. In 1915 Salisbury gave effect to this and by altering the incidence to make the rate on land value four times the rate on buildings. In 1917 Buluwayo followed suit and transferred about the same proportion of its local taxation on to land values, the Town Clerk reporting to the Durban Town Council

Committee that the altered basis of rating had been well received by the public.

KENYA

An Ordinance dated February 22nd, 1921, applying to the town of Nairobi, provided for a complete system of rates imposed on the selling value of land apart from improvements, for the revision of valuation and the levy and collection of rates in case of default. Rates in any one year may not exceed 2 per cent. The rates in Nairobi have been levied since, year by year, on land value only.

WESTERN CANADA

In the four Canadian Provinces of British Columbia, Saskatchewan, Alberta and Manitoba, land value taxation for local purposes is in force in varying degree. Improvements are relieved by taxing them at a percentage of the assessed value (or they are exempted altogether) while the land is taxed at 100 per cent of its assessed value. This results in improvements being taxed at a lower rate than land is ; and if the improvements are entirely exempt, the tax falls on the value of the land alone.

In British Columbia, ten city and district municipalities rate land values only, the largest municipality among these being New Westminster. Nineteen tax improvements at less than 40 per cent of value ; 29 at 50 per cent of value and two at 60 to 75 per cent of value. In the villages half of the value of improvements is exempt. The land is uniformly taxed at 100 per cent of assessed value.

In Alberta, improvements are not taxed in rural municipal districts. In the cities, towns and villages the position varies and while everywhere land is taxed at 100 per cent of assessed value, improvements in the majority of cases are taxed at two-thirds of their value.

In Saskatchewan, land in all cases is assessed and taxed at 100 per cent of actual value. In rural municipalities and villages 60 per cent of the fair actual value of improvements is taxable but in rural municipalities all buildings used for farming purposes are exempt. In the towns and cities buildings and improvements may be taxed at any proportion of actual value not exceeding 60 per cent.

In Manitoba also, so far as rural areas are concerned, local taxation on real property is based on the land value. In the cities, as in Winnipeg, improvements are taxed at two-thirds of value, and in Winnipeg the cost of the new water supply was met by a special rate on the value of the land alone.

PENNSYLVANIA

By special law passed in 1913 applying to Pittsburgh and Scranton, these cities were able to reduce the city taxes on buildings and correspondingly increase the taxation of land value. This was to be done by reducing the rate on buildings as compared with that on land value by 10 per cent for the years 1914 and 1915 and by 10 per cent each third year thereafter, until the rate on buildings became half that on land value. The result of the transfer was to take from the publicly created land values an additional annual contribution of £2,400,000 which had previously been exacted by taxing buildings, the total tax-revenue of the City being £15 millions. The policy of the present City Council, when the necessary legislative powers are obtained, is to carry the process further by eliminating all taxes on buildings and improvements and imposing the school rates also, which are distinct from the city rates, solely upon land values.

SPAIN

By the law of June 12th, 1911, all town councils were empowered to replace the taxes on foodstuffs by other taxes, including a tax of not more than one half per cent on the selling value of vacant land. Madrid and the majority of the provincial capitals as well as a number of other cities immediately took advantage of this power. Other laws passed in recent years gave the local councils power under certain conditions to increase the rate of tax imposed on the value of vacant land.

The municipal code of 1934 also permitted the local authorities to levy a tax of not more than one per cent on the value of land whether built upon or not, excluding the value of improvements, in substitution for an old tax on the annual value of land and improvements. The law,

however, provided that for a period of five years no more revenue should be raised by the tax on land values than by the tax to be replaced, and this has discouraged the municipalities from making use of the power.

A Catalan law of April 13th, 1933, applying only to Barcelona, allowed that city to impose (in addition to the tax on vacant land) a tax on the value of all land apart from improvements of one quarter per cent. The city council has made use of this power and is now collecting some 5,000,000 pesetas a year.

Another Catalan law of March 19th, 1934, empowered all cities in Catalonia with a population exceeding 10,000 (except Barcelona) to impose a tax of not more than one per cent on the values of all land whether built on or not, excluding the value of the improvements.

ARGENTINA

Proposals for land value taxes or rates have been brought before the different provincial legislatures and local governing bodies time and again. Definite progress has been made in the province of Cordoba, where in 1914 a land value tax was instituted at the rate of 7 per 1,000, applying only to rural lands. Municipalities in this province have been given power to take some part of their revenue from land values, and in 1927 Cordoba City introduced a land value rate of 5 per 1,000. A similar (small) measure of land value rating has been adopted in a number of towns in the northern parts of the country, *e.g.*, Mendoza, Jujuy, Rosario and San Francisco.

BRAZIL

As in the Argentine, proposals for land value taxation have been much canvassed in legislative circles. Rio Grande do Sul, Bahia and Santa Catharina are among the States where some measure of the policy has been adopted. Various towns (*e.g.*, Garibaldi, Montenegro, Porto Alegre) in the various States have either adopted similar measures or have decided to do so, but usually the rate of taxation imposed or to be imposed is moderate in amount, not

exceeding 1 per cent. Most important is the progress in the State and Federal capital of Rio de Janeiro as showing the public support for the land value policy. Here a complete valuation made on systematic methods is being undertaken (1935) separating the value of land in all urban and rural areas.

HUNGARY

From 1919 to 1921, a measure of land value rating was in operation in Budapest and other Hungarian towns. In the political upheavals through which the country has passed this law has been suspended though not abrogated. The Budapest statute was a model of its kind in the methods and procedure adopted for ascertaining the land value of every piece of land in the City, and with the aid of land value maps and rolls open to public inspection. The whole City, comprising 40,000 sites, was valued by a comparatively small staff and at comparatively little cost in the course of eight and a half months.

LAND VALUATION IN OTHER COUNTRIES

In the cities and towns of at least 28 of the United States of America and in all the Cities of Ontario the valuation of the total capital value of land and improvements on which local taxation is levied shows in a separate column the value of the land alone. This is a matter of competent valuation practice and is done in order to get greater fairness and accuracy in the assessment of the composite subject, it being well recognized that the value of land and the value of improvements are due to or are derived from very different factors. These places levy the same rate on land values as on improvements and are, therefore, not examples speaking for the operation of land value rating, although of course the tax falls on the value of vacant land whereas under British practice such land is completely exempt. It is in regard to valuation as such that these places are mentioned, their experience disposing of the objection sometimes made that the separate ascertainment of land value presents more difficulties than

ascertaining the value of land and improvements together. New York City provides an outstanding instance of the application of scientific methods in valuation and of the efficiency with which, once every year, the responsible department makes record of the land value of every property.

TENURES BASED ON PUBLIC RIGHTS

The principle that the rent of land is a public fund while the improvements made on the land belong to the improver finds expression in the special legislation affecting Northern Nigeria, Tanganyika and the Malay States. The land is treated as public property and where it is alienated for private use and occupation, it is leased at rents which are revised at periodic intervals, that rent being an assessment of the land value alone. A similar system of land tenure has been established for Canberra, the new Federal Capital of Australia and a further example is found in the small holdings established in Denmark on land surrendered to the State when the feudal and entailed estates were enfranchised. These holdings are held subject to the payment of the annual value, which (at the current rate of interest) is based upon the capital value revised once every five years in accordance with the periodic valuation of the whole country.

* * *

The foregoing summary of the operation of land value taxation is based upon data in the information Bureau of the United Committee for the Taxation of Land Values. Testimony to the beneficial social and economic results of the policy has been recorded from time to time in the columns of *Land & Liberty* and in the papers presented at the several representative conferences held under the auspices of the International Union for Land Value Taxation and Free Trade.

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